

- (ii) \$.02 per square foot per month for 59,800 square feet of warehouse space.
- (iii) \$.08 per square foot per month for 7200 square feet of office space.

The total monthly payment in lieu of rent for this period shall be \$4,072.

(B) From January 1, 1985 to February 1, 1985, Lessee does not intend to occupy the land or all of the warehouse space and shall continue to make payments of \$100 per acre per month to Lessor in lieu of rent for the 23 acres of land and shall continue to make payments of \$.02 per square foot per month for the 34,800 square feet of unused warehouse space. In addition, Lessee shall occupy part of warehouse space and all of the office space of the Premises and pay rent to Lessor as follows:

- (i) \$.10 per square foot per month for 25,000 square feet of warehouse space and
- (ii) \$.40 per square foot per month for 7200 square feet of office space.

The total monthly payment to Lessor in lieu of rent for the land and for rent for the warehouse space and office space during this period is \$8,376.

(C) From February 1, 1985 to August 31, 1986, Lessee shall occupy the Premises and shall pay rent to Lessor as follows:

- (i) \$500.00 per acre per month for 23 acres of land.
- (ii) \$.10 per square feet per month for 59,800 for square feet of warehouse space and
- (iii) \$.40 per square feet per month for 7,200 square feet of office space.

The total monthly payment to Lessor for the rent for the land, the warehouse space and the office space during this period is \$20,360.

(D) The type and quantity of land and space specified in each of Section 2A, 2B and 2C above is Lessee's best estimate of its needs for land, warehouse space and office space for those respective periods as of the signing of this Lease. Lessee, however, reserves the right to accelerate any of the dates or quantities of the land or space up to the maximum amounts set forth in Section 2C and Lessor agrees to allow

Lessee to increase its use of such land and space upon ten days prior written notice to Lessor by Lessee.

(E) Although Lessor presently has up to six acres of paved, improved outside assembly and storage area space ("Improved Space") including maintenance and security fencing at \$2,600.00 per acre per month, Lessee does not presently intend to lease this Improved Space. However, should Lessee desire to lease this space or desire to increase its land or warehouse space and/or office space beyond the maximum amounts specified in Section 2C above, Lessee shall proceed under Section 5 hereof.

(F) Lessor agrees to provide Lessee with other services in accordance with Exhibit B-1 and at the Ship Repair Yard Tariff Rate of Lessor in effect at the time of the rendering of such services. A copy of the current Ship Repair Yard Tariff Rate of Lessor is attached hereto and made a part of Exhibit B-1.

(G) If Lessee elects during any of the periods specified in Sections 2A, 2B or 2C above or during a renewal term hereunder to increase its land or warehouse space and/or office space beyond the amounts specified by Section 2A, 2B or 2C by fractional acreage or footage, Lessor agrees to prorate the per acre or per square foot rents or payments in lieu of rents accordingly.

3. **INVOICING OF RENTS DUE:** After Lessee gives Lessor notice of the land or space which it wishes to lease pursuant to Section 2C, Lessor shall provide Lessee with a monthly invoice, at least ten (10) days prior to the due date for each month's rent due on the land, warehouse space and office space. Any deficiency or overpayment in the amount of rent due hereunder and the amount paid by Lessee pursuant to a monthly invoice shall be corrected and/or reconciled in the subsequent monthly invoice immediately following and shall not constitute a breach of this Lease.

4. **INSTALLATION OF LOADING SLIP AND SITE PREPARATION:**

A. Lessor at its own cost will construct on the Premises the following improvements:

(i) Dry dock four modification and loading bridge by December 31, 1985 as described in Exhibit C-1;

(ii) Installation of utilities, lighting, fencing and completion of site preparation on the Premises by February 1, 1985 as described in Exhibit C-2; and

(iii) Preparation of module movement path as described in Exhibit D.

B. As additional consideration for the rental payments specified herein, Lessor hereby grants to Lessee two (2) easements: Use of and an easement on and over the dry dock four modification and loading bridge (the "Loading Dock") and another easement on and over the module movement path leading from the Premises to the Loading Dock, the description of which is contained in Exhibit B. Such easements shall be exclusive for a two week period between June 15 and July 15, 1986 as specified by Lessee thirty (30) days prior to load out of the modules. At all other times, the easements shall be non-exclusive as long as users do not conflict with Lessee's use of the Loading Dock, the Premises and/or the module movement path. Lessor agrees to make certain improvements to the module movement path and remove certain obstacles in the module movement path which presently interfere with Lessee's intended use of such path. A description of the improvements which must be made and obstacles which must be removed is contained in Exhibit D hereto.

C. Information

Lessee shall provide complete and timely information and notice regarding its requirements for improvements to be constructed as described in this Section 4. Both parties agree to share all information relating thereto and to fully cooperate with all corporations, firms, contractors, governmental entities, and persons involved in or associated with said improvements. Nothing in this Section shall excuse Lessor from the applicability of Section 6B in the event the Loading Dock is not completed by the required date.

5. **LEASE OF ADDITIONAL ACREAGE AND COVERED SPACE:**

Should Lessee require additional land adjacent to or part of the Premises, as described in Exhibit "A", hereto, or desires any improved outside area space, or additional warehouse space or office space, (in addition to the land or space specified in the notice given pursuant to Section 2C), it shall advise Lessor of the amount of land, improved outside area space, office space or warehouse space needed and the time for which it is needed thirty (30) days prior to the date on which Lessee wishes to occupy said land, improved outside area space, warehouse space and/or office space. Lessor shall in its own discretion determine whether such space is reasonably available consistent with Lessor's other needs for the property. If the additional land or space is available, Lessor undertakes to supply such additional land or space to Lessee within twenty-five (25) days of receipt of notice by Lessee. Rent for such additional land or space shall commence on the date of occupancy. However, at Lessor's option and by notice to Lessee, a common date may be fixed as the due date for all rents due hereunder; in the event Lessor elects a common rental due date, appropriate proration of accrued rents shall be made in accordance with the new due date.

During the initial term hereof, Lessee shall pay Lessor \$500.00 per acre per month for such additional land; \$2600.00 per acre per month for improved outside area space; \$.10 per square foot per month for such additional warehouse space, and \$.40 per square foot per month for such additional office space. If part of an acre or square foot is leased, the rents will be prorated accordingly. The rent for the additional renewal periods shall be equivalent to the respective rents for those periods negotiated pursuant to Section 1.

6. DELAY IN DELIVERY OR POSSESSION:

A. If Lessor, for any reason whatsoever, cannot deliver possession of the Premises to Lessee at the commencement of the term of the Lease, this Lease shall not be void or voidable, nor shall Lessor be liable to Lessee for any loss or damages resulting therefrom; however, in that event, there shall be no rent due or payable for the period between the commencement of the term and the date on which Lessor delivers possession of the Premises to Lessee; and provided further that the foregoing dates shall be extended one (1) day for each day that delivery of possession is prevented or delayed on account of strikes, lockouts, labor disputes, acts of God, governmental restrictions, regulations or controls, judicial orders, enemy or hostile governmental actions, civil commotion and other causes beyond the reasonable control of Lessor, but extension of such dates on account of such causes may not exceed a maximum of 30 days. Should such delays exceed a maximum of 30 days, Lessee at its sole option may terminate this Lease with no further obligation to Lessor.

B. In the event Lessor fails to complete the Loading Dock by the date specified in Section 4A(i) regardless of the cause for any such failure, Lessee shall have the right at Lessor's expense, to take over construction of said Loading Dock, including the right to take possession of all materials situated on-site for use in the construction of said Loading Dock and to succeed to Lessor's rights in all contracts, purchase orders, or other agreements pertaining to the construction thereof, and to complete the construction of said Loading Dock as expeditiously and efficiently as practical under the circumstances. Lessee will use its best efforts to mitigate the cost of completing the Loading Dock.

7. USE:

A. Lessee agrees that it will use and occupy the Premises for the purpose of heavy manufacturing, including but not limited to the manufacture of buildings (modules) of steel and other materials and the removal thereof to other sites which modules' use is more fully described in Exhibit E hereto.

B. Lessee recognizes that it is a fundamental policy of the State of Oregon and of Lessor to develop, enhance,

and promote the maritime development of Lessor. Lessee further recognizes that Lessor has an obligation to encourage economic development within its boundaries and that the essential consideration for the Lessor in excuting this Agreement is to create jobs for the citizens of the metropolitan region of Portland, Oregon.

Lessee recognizes that Lessor has devoted a substantial amount of staff time preparing this Lease and has incurred substantial engineering and construction costs associated with the development of its proposal and the Premises. Lessee agrees that failure to use the Premises for manufacture of modules during the initial term of this Lease shall result in expense and damage to Lessor and shall be a material breach of this contract unless such failure results from force majeure. Because of the difficulty of determining the actual loss and monetary damages to Lessor due to this material breach during the initial term, Lessee agrees to pay the Lessor as damages representing a reasonable approximation of the actual damages which Lessor would suffer in such event and not as a penalty, liquidated damages. Such liquidated damages are to reflect actual costs of Lessor to the date of the Lessee's default supported by valid third party invoices and shall in no event exceed \$1,416,500. The specifics relating to the liquidated damages are set out in Exhibit F hereto.

C. Lessee shall not do or permit to be done on the Premises anything that shall constitute waste or a nuisance, or that will in any way interfere with the use by Lessor, or Lessor's other tenants, of the remainder of the Park. Lessee agrees to maintain its entire operation to conform and comply with applicable zoning regulations and in the event of any change or modification of such regulations that in Lessee's sole discretion would prohibit, preclude or substantially impair the contemplated use of the Premises by Lessee, Lessee may elect to terminate this Lease as of the effective date of such changed zoning regulations, and Lessee's obligation for rental payments shall cease on such date. Lessor shall promptly notify Lessee of any change or proposed change in the zoning regulations affecting the Premises. Lessor represents that the Premises are presently zoned industrial, which zoning will permit manufacture of the modules. Lessor agrees to resist any attempts to rezone the Premises or any portion thereof, the result of which would cause interference with Lessee's intended use of the Premises, and Lessor agrees to join in and cooperate with Lessee in its efforts to prevent any such zoning change.

8. **EVENTS OF DEFAULT:** The following shall be events of default under the Lease:

A. Default in Rent: Failure of Lessee to pay any rent within fifteen (15) days after it is due.

B. Default in Other Covenants: Failure of Lessee to comply with any term or condition or to fulfill any obligation of the Lease (other than the payment of rent or other charges) within forty-five (45) days after written notice by Lessor specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within such forty-five (45) day period, Lessor shall extend the period for curing said default and the default shall be deemed cured if Lessee proceeds with reasonable diligence to cure the default within a reasonable time.

C. Insolvency: Either (a) the appointment of a receiver to take possession of all or substantially all of the assets of Lessee, or (b) a general assignment by Lessee for the benefit of creditors, or (c) any action taken or suffered by Lessee under any insolvency or bankruptcy act shall, at the option of Lessor, constitute a default under this Lease by Lessee.

D. Abandonment: Lessee quits the Premises during a term of the Lease without having fabricated modules thereon and with no intention of returning to said Premises for manufacture of modules during that term of the Lease unless such quitting is excused under the provisions of this Lease. It shall not constitute abandonment of the Premises if Lessee fails to continuously manufacture modules on the Premises during the applicable term of the Lease.

E. Nonuse. Lessee holds the Premises for the entire term of the Lease without fabricating modules thereon at any time during that term of the Lease unless such holding is excused under the provisions of this Lease. It shall not constitute nonuse of the Premises if Lessee fails to continuously use the Premises for fabrication of modules during the applicable term of the Lease.

9. REMEDIES ON DEFAULT: In the event of a default under the provisions of Section 8, Lessor at its option may terminate the Lease by notice in writing by certified mail to Lessee. The notice may be given before or within thirty (30) days after the running of the period to cure defaults set forth in Paragraph 8 and may be included in a notice of failure of compliance.

A. Damages: In the event that Lessor rightfully terminates this Lease due to an uncured default by Lessee, Lessee shall pay the following damages to Lessor:

(1) During the initial term of the Lease, Lessee shall pay Lessor the liquidated damages discussed in Section 7B hereof and in Exhibit F hereto.

(2) During any of the four renewal periods, Lessee shall pay Lessor the rent due under the Lease for the remainder of that period.

The damages specified for the initial term and the damages specified for the four renewal periods are exclusive and are the sole damages recoverable by Lessor against Lessee under this Lease for the respective period involved.

B. Mitigation of Damages: Both parties agree to use their best efforts to mitigate any damages which may occur or are required to be paid under this Lease. In particular, if Lessee should be required to pay the liquidated damages discussed in Section 9A above for any term of this Lease, Lessor will exercise its best efforts to lease the Premises to a qualified and financially responsible third party to manufacture modules or engage in a similar manufacturing project thereon. If Lessee or Lessor finds such a third party, Lessor agrees to enter into a Lease of the Premises with said party on terms and conditions similar to the present Lease and to refund the amount of liquidated damages paid by Lessee to Lessor offset by the third party's manufacturing project.

C. Other Obligations: In addition to paying damages to Lessor for an uncured default under the Lease, Lessee also agrees to quit the Premises once the Lease is terminated and to remove all improvements from the Premises as provided in Section 14 hereof.

10. **MAINTENANCE AND REPAIRS:** Lessee shall, at its sole cost and expense, keep and maintain the leased Premises, and every part thereof, in sanitary order, condition and repair except that Lessor shall maintain the exterior walls and roof of the buildings situated on the leased Premises, unless such maintenance or repair is necessitated by damage caused by Lessee or Lessee's employees, except that Lessee shall only be responsible for its employees while they are in the course of their employment duties as employees of Lessee.

Except as otherwise provided herein or in Exhibits C-1 and C-2 or Exhibit D, Lessor shall not be required to make any repairs, alterations, additions, or improvements to or upon the Premises unless Lessor agrees in writing to perform specific work. Lessee has examined the Premises and accepts them as is, in their present condition, except for conditions which are not discoverable through ordinary visual inspection. Lessor agrees to correct any condition impairing Lessee's use of the Premises which is not discoverable through ordinary visual inspection promptly upon request of Lessee. In no event shall Lessor be responsible for any defects in Lessee constructed improvements. If Lessor fails to make any repairs, alterations, additions or improvements required of Lessor hereunder in a timely fashion, Lessee may make such repairs, alterations, additions or

improvements to the Premises and deduct the reasonable cost of such work from the future rent payments or any termination payment otherwise payable to Lessor.

11. ALTERATIONS; MECHANIC'S LIENS: All alterations and improvements made by Lessee (except only movable furniture, trade fixtures and temporary structures as will be described in Exhibit "G") shall become the property of the Lessor as of the date of installation, but Lessee shall have the right to their use until expiration or termination of this Lease and any renewal terms thereof. Lessee shall have the right to develop the Premises in the manner necessary for the manufacturing of modules, which shall include, but shall not be limited to, foundations for temporary structures, permanent shops, concrete pads and utilities (above ground and underground), and Lessee may also add additional fill and ballast materials in portions of the Premises as necessary to support the weight of the modules assembled in connection with Lessee's use of the Premises.

Lessee shall keep the Premises free from any liens arising out of any work performed for, materials furnished to, or obligations incurred by Lessee. For improvements substantially different from those described by the Lease, Lessor retains the right to approve and consent to any alterations and improvements and said consent shall not be unreasonably withheld. Lessee agrees to advise Lessor in writing of the anticipated date on which such alterations or improvements are expected to commence. Lessee shall make all alterations and improvements and shall install all trade fixtures in a good and workmanlike manner and shall repair any damage caused to the Premises in connection with the making of such alterations, improvements or installations.

12. UTILITIES: Lessee shall, at its own cost and expense, pay for all gas, electricity, water, sewer, telephone, compressed air and other utilities supplied to the Premises, and will at its own cost and expense pay for the removal from the Premises of all rubbish generated thereon.

13. TITLE INSURANCE:

A. Attached hereto as Exhibit "H" and incorporated herein by this reference is a Preliminary Report with respect to title insurance from Safeco Title Insurance Company, Portland, Oregon which covers the Premises. Within thirty (30) days after execution of this Lease, Lessor shall provide, at Lessee's expense, a Leasehold Policy of Title Insurance based upon such Commitment insuring Lessee's leasehold interest in the Premises subject only to the exceptions set forth in Exhibit "H".

B. Lessor represents that it owns the Premises free and clear of any mortgages or deeds of trust. In the event that

the Premises become subject to one or more mortgages or deeds of trust during any of the lease periods, Lessor shall provide Lessee with a Non-Disturbance Agreement, substantially in the form attached hereto as Exhibit "I", executed by each of the trust beneficiaries and delivered to Lessee upon request within fifteen (15) days of the attachment of such deed of trust. If such Non-Disturbance Agreement is not delivered to Lessee within said fifteen (15) day period, this Lease shall be voidable at Lessee's option without further obligation to Lessor.

C. Lessor shall also provide written notice to all third parties which may have or assert lien rights of which Lessor has knowledge against any personal property on the Premises during the term of this Lease, that Lessee has an interest in such property and requests that said lien holders notify Lessee in writing of any defaults by Lessor in its obligations to them. Lessee shall have the right to make payments (hereinafter "advances") to said lien holders as necessary to cure any such defaults. In addition to any other remedies available to it at law or in equity, Lessee may deduct such advances from future rent payments or any termination payment otherwise payable to Lessor.

14. ACCEPTANCE OF PREMISES; SURRENDER AT END OF TERM: By entry hereunder, Lessee accepts the Premises as being in sanitary order, condition, and repair and agrees on the last day of the term of this Lease, including any extended or renewed term, to peaceably and quietly surrender unto Lessor the Premises with said Premises and appurtenances (except utilities, footings, slabs, and other improvements necessary to Lessee's manufacture of modules) reasonable use and wear, and damage by fire alone excepted, in similar condition as the same are now or hereafter may be put by the Lessor or the Lessee. Upon termination of the Lease or any extension as provided for in the Lease, by the passage of time or otherwise, Lessor shall have the option to either require removal of all fixtures, structures, installations, or improvements within ninety (90) days after the expiration of the Lease at Lessee's expense or the Lessor shall have the option to take title to such structures, installations, and improvements. Nothing in this section shall be construed to prevent Lessee from removing its trade fixtures from Premises so long as any damage caused by such removal is repaired to its original condition.

15. REAL PROPERTY TAXES: During the term hereof, Lessee shall pay and discharge all real property taxes, assessments and charges lawfully imposed by any governmental unit on the Premises, or any taxes imposed in lieu thereof (hereinafter "Real Property Taxes"), before the same become delinquent.

16. PERSONAL PROPERTY TAX: Lessee shall pay all personal property taxes assessed against Lessee's personal

property when and as due, and Lessee shall use its best efforts to have personal property taxes on Lessee's personal property assessed separately and apart from Lessor's personal property.

17. COMPLIANCE WITH LAW: Lessee shall, at its sole cost and expense, comply with all of the requirements of all Municipal, State and Federal authorities now in force, or which may hereafter be in force, pertaining to the Premises, including, without limitation, air pollution, water pollution and noise abatement regulations and tax, zoning and building code laws, and shall faithfully observe in the use of the Premises all Municipal ordinances and State and Federal statutes now in force or which may hereafter be in force. Lessor will assist and cooperate with Lessee in such compliance.

18. OWNER TO BE HELD HARMLESS: Subject to Lessor's compliance with the terms and conditions hereof, Lessee hereby agrees to indemnify, hold harmless and defend Lessor, its commissioners, officers and employees from and against each and every claim and action based upon or arising out of damages or injuries to third parties or their property caused by the negligence of Lessee or its employees in the use or occupancy of the Premises and which claim or action does not also involve negligence of Lessor. Lessor covenants that it will give Lessee prompt notice of any such claim or action. If a claim or action is brought against both Lessee and Lessor, and Lessor does not wish to defend said claim or action, Lessee hereby reserves the right at its own expense to use its own attorneys to investigate, to defend and to pay all other expenses of defending Lessor against said claim or action. If Lessor is named as a party in any claim or action, and elects to defend itself, it must do so at its own expense, including all reasonable expenses related to the investigation and defense associated with said claim or action. Lessee will have no responsibility to defend a claim or action brought solely against Lessor, which claim or action will be defended by Lessor at its own expense.

19. ENTRY OF OWNER: The Lessor reserves the right at any reasonable time, upon reasonable prior notice to Lessee, during the continuance of this Lease to enter upon the Premises, either in person or through its designated agents or employees, for the purpose of inspecting the Premises and ascertaining the condition of the same, or for maintaining or repairing elements of Lessor's property. Lessor acknowledges that Lessee's construction activities may present a hazard to persons not familiar with the Lessee's operations and therefore agrees to follow Lessee's directions when inspecting the Premises. In the event that Lessor, its agents, employees or invitees fail to follow Lessee's directions when on the Premises, Lessor waives all right, claim, or cause of action against Lessee for personal injury and further agrees to indemnify Lessee against the claim

of any third persons arising out of their presence on the Premises at the invitation or request of Lessor.

20. LIABILITY INSURANCE: Lessee agrees to take out and keep in force during the term of this Lease, including any extended or renewed term, at Lessee's expense, liability insurance with reputable insurance companies to protect against any liability to the public incident to the use of, or resulting from, an occurrence or accident in or about the Premises. The liability limit under such insurance shall be not less than Five Hundred Thousand Dollars (\$500,000.00) for any person injured, or One Million Dollars (\$1,000,000.00) for any one occurrence, or Five Hundred Thousand Dollars (\$500,000.00) for property damage for any one occurrence. These policies shall name Lessor as insured and will provide contractual liability including but not limited to liability assumed under the hold harmless provisions of Paragraph 18 hereof. Said policies shall be primary insurance as respects all other insurance coverage for the benefit of the Lessor. Lessee shall obtain a written obligation on the part of the insurance carriers to notify Lessor in writing not less than thirty (30) days prior to any cancellation or reduction thereof.

21. ASSIGNMENT OR SUBLETTING: Except as otherwise provided herein, Lessee shall not assign this Lease or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and servants of Lessee excepted) to occupy or use the Premises or any portion thereto, without the written consent of Lessor. A consent to one assignment, subletting, occupation or use by another person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any such assignment or subletting without such consent shall be void and shall, at the option of Lessor, be grounds for terminating this Lease. This Lease shall not, nor shall any interest therein, be assignable as to the interest of Lessee by operation of law without the written consent of Lessor. Any transfer of the ownership of more than fifty percent (50%) of the capital or membership of Lessee shall not constitute an assignment of this Lease. The provisions hereof shall not apply, in that Lessor gives consent, to any assignment or subleasing by Lessee to Atlantic Richfield Company or to any of its divisions or subsidiary companies. This Lease may be assigned or subleased in whole or in part to a financially solvent third party designee performing similar module manufacturing or other manufacturing subject to approval of the Lessor, which approval shall not be unreasonably withheld.

22. DESTRUCTION OR DAMAGE OF PREMISES:

A. If any portion of the Premises are damaged by an event beyond the control of either party prior to the time

Lessee shall have taken possession of such portion, the cost of repairing such damage shall be borne by Lessor and, pending such repair, no rent shall be due for the damaged portion.

B. If after Lessee shall have taken possession, the Premises are destroyed or damaged, in whole or in part, by fire or other casualty, and such destruction or damage substantially impairs Lessee's use of the Premises, Lessee may, in its sole discretion, terminate this Lease at any time within ninety (90) days thereafter, by written notice to Lessor and, if so terminated, no rent shall accrue to the Lessor after said destruction or damage of the Premises. If such destruction or damage does not substantially impair Lessee's tenantability of the balance of the Premises, then, at Lessee's sole discretion, exercisable by written notice to Lessor at any time within thirty (30) days following such destruction or damage of the Premises, Lessee may elect to continue the Lease in which event the amount of rental payable hereunder shall be reduced proportionate to the damaged or destroyed portion of the Premises, effective as of the date of such damage or destruction. Lessor shall notify Lessee, within thirty (30) days following such destruction or damage of the Premises, whether Lessor intends to repair such damage and, if so, Lessor shall provide Lessee such information as Lessee may reasonably request in determining whether or not to terminate this Lease. If such damage is repaired by Lessor, rent accrual shall resume upon the date the repaired area is again available for Lessee's use.

23. **FORCE MAJEURE:** The duties and obligations of each of the parties hereunder shall be suspended during such time as performance by either party is prevented or made impracticable by occurrences beyond the control of the party affected, and to the extent such occurrences are not due to the fault or negligence of the party affected. Such occurrences shall include, but shall not be limited to strikes, labor disturbances, riots, fire, governmental action, non-receipt of equipment or materials, war, acts of God or other causes of a similar nature.

The foregoing shall not be considered a waiver of either party's obligation under this Lease and further, the party seeking relief under this clause shall be required to have used reasonable diligence in seeking to overcome such obstacles, and performance shall have been resumed within a reasonable time after the obstacle is removed.

24. **LANDLORD'S LIEN:** Lessor shall have a lien against all leasehold improvements or other property of Lessee installed in or placed on the Premises by Lessee, except modules, materials to be incorporated in modules, and construction material or equipment to be incorporated in the module sealift, during the term of this Lease to secure the

payment of rentals hereunder, and if there shall be an arrears in rent as herein provided, then, at the time of termination of this Lease, Lessor may sell at public sale any part or all of the said leasehold improvements and property, after giving notice of said sale to Lessee and publishing the same at least fifteen (15) days in advance thereof in a newspaper of general circulation in the community in which the Premises are located, and apply the proceeds from said sale first, against the expenses of the sale, and then against the arrearage of rentals, and if said proceeds so realized exceed said expenses of sales and arrearages in rent, then such excess shall be paid to Lessee or its successor as named in any court action.

25. **SURRENDER OF LEASE NOT MERGER:** The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Lessor, terminate all or any existing subleases or subtenancies, or may, at the option of Lessor, operate as an assignment to it of any or all such subleases or subtenancies.

26. **ATTORNEYS' FEES:** If either party brings any suit, action or proceeding to enforce, interpret, protect or establish any right or remedy arising out of or in connection with this Lease, the prevailing party shall be entitled to recover all costs and reasonable attorneys' fees, as the court may allow in such proceeding and any appeal therefrom. This provision shall be binding upon any trustee in bankruptcy.

27. **NOTICES:** Any and all notices from or demands by Lessor or Lessee, as appropriate, shall be in writing. Such notices shall be served either personally or by registered or certified mail or by telegram. If served personally, service shall be conclusively deemed made at the time of service. If served by registered or certified mail, service shall be conclusively deemed made forty-eight (48) hours after the deposit thereof in the United States mail, postage prepaid, addressed to the party to whom such notice or demand is to be given as hereinafter provided. If served by telegraph, service shall be conclusively deemed made at the time that the telegraphic agency shall confirm to the sender delivery thereof to the addressee.

Any notice or demand to Lessor may be given unto it at:

PORT OF PORTLAND
Portland Ship Repair Yard
5555 North Channel Avenue
Portland, Oregon 97217
Attention: C. H. McKeown

Any notice or demand to Lessee may be given unto it
at:

ARCO OIL AND GAS COMPANY
Attn: Lisburne Project Program Management
P. O. Box 25133
Santa Ana, California 92799-5133

28. **PROJECT MANAGERS**

A. Lessor's Project Manager

Lessor's Project Manager is C. H. McKeown

Lessor shall give Lessee prompt written notice of any
redesignation of its Project Manager pursuant to Section 27.

B. Lessee's Project Manager

Lessee's Project Manager is A. W. Johnson.

Lessee shall give Lessor written notification of any
redesignation of its Project Manager pursuant to Section 27.

29. **CONSENT AND WAIVER:** In any activity wherein consent of Lessor is required, and requested by Lessee, such consent shall not be unreasonably withheld. The waiver by Lessor of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same, or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant or condition of this Lease, other than the failure of Lessee to pay the particular rental so accepted regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rental.

30. **CONDEMNATION:** In the event the Premises or the Park are made subject of any eminent domain or requisition of use proceedings or threat thereof, Lessor shall have the obligation to notify Lessee in writing ten (10) days after learning of such proceedings or threat thereof. Upon the filing a complaint in condemnation, Lessor shall use its best efforts to avoid a taking of the Premises that would frustrate Lessee's purposes under this Lease; if, in spite of such best efforts, it appears to Lessee that its use of the Premises will be interfered with by a taking so that its purposes hereunder will be frustrated, Lessee may terminate this Lease without further obligation on Lessee's part.

In the event of a partial taking of the Premises, if Lessee in its judgement determines that such taking will not

frustrate its purposes under this Lease, it may continue to lease the portion not taken by condemnation and the rent shall be adjusted proportionately as of the date Lessee is required to surrender possession.

31. QUIET ENJOYMENT OF PREMISES: Lessor covenants that it has the right to make this Lease for the term hereof, including any extended or renewed term, and that if Lessee shall pay the rent and perform all of the covenants, terms, conditions and agreements of this Lease to be performed by Lessee, Lessee shall, during the term created hereunder, freely, peaceably and quietly occupy and enjoy the full possession of the Premises without molestation or hindrance by Lessor or any party claiming through or under Lessor.

32. BINDING ON SUCCESSORS: The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all of the parties hereto.

33. MISCELLANEOUS:

A. The paragraph headings of this Lease are for convenience only and shall not in any way limit or be deemed to construe or interpret the terms and provisions hereof.

B. Time is of the essence of this Lease and of all provisions hereof except in respect to the delivery of possession of the Premises at the commencement of the term hereof.

C. The word "Lessee" as used herein, shall include the plural as well as the singular. Words used in the masculine gender include the feminine and neuter. If there be more than one Lessee, the obligations hereunder imposed upon Lessee shall be joint and several.

D. This Lease shall be construed and enforced in accordance with the laws of the State of Oregon.

E. Nothing contained in this Lease shall be construed to create or enlarge the rights of any third party, or as a partnership or joint venture between the parties to create liability of any nature on the part of Lessor with respect to any contract, obligation or undertaking of Lessee.

F. All Exhibits hereto are incorporated and made part of the Lease.

34. SALES OF PREMISES: If Lessor sells the Premises or any part thereof during the initial term of this Lease or during any of the one year extension periods, Lessor agrees to

sell only if the purchaser agrees to take the Premises subject to the Lease including the four one year options granted Lessee herein. Under no circumstances will the sale of the Premises interfere with Lessor's quiet enjoyment of the Premises as described in Section 31 hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above mentioned.

LESSOR:

PORT OF PORTLAND,
a municipal corporation
of the State of Oregon

LESSEE:

ARCO OIL AND GAS COMPANY,
a division of
Atlantic Richfield Company

By:

John B. King
President

By:

Allen Johnson
Manager, Lisburne Facilities Project

By:

R. A. Underwood
Assistant Secretary

APPROVED AS TO LEGAL SUFFICIENCY:

By:

M. Brian Flanagan
Counsel for
The Port of Portland

APPROVED BY COMMISSION ON: "

October 22, 1984

STATE OF OREGON
County of Multnomah

)
)
) SS

On this 22nd day of October, 1984, before me, the undersigned notary public in and for said county and state, personally appeared John B. Hering, who acknowledged himself to be the President of the Port of Portland, a municipal corporation of the State of Oregon, and Lee A. Underwood, who acknowledged herself to be the Assistant Secretary of the Port of Portland and that as such, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves, the President and Assistant Secretary.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Shurley L. Duckington
Notary Public for Oregon
My Commission expires: 3-7-86

STATE OF OREGON
County of Multnomah

)
)
) SS

On this 18th day of October, 1984, before me, the undersigned notary public in and for said county and state, personally appeared Abe W. Johnson, who acknowledged himself to be the manager, Lisburn Facilities Project of ARCO Oil and Gas Company, a division of Atlantic Richfield Company, a Pennsylvania corporation, and as such being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as manager, Lisburn Facilities Project.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Shirley L. Jallington
Notary Public for Oregon
My Commission expires: 3-7-86

EXHIBIT B-1

OTHER SERVICES

Lessor shall make available to Lessee the following other services:

1. Module Loading Facilities

The use of the module movement path or the dry dock module loading facilities, for which there will be NO CHARGE.

2. Berthing Service

The use of the berthing services for sealift barges during material delivery or while not at the module loading facility, and awaiting loading or during tie-down operations, thirty-five cents per foot of length per day (\$0.35/foot/day) for the first fifteen (15) days. While the barge is under active repair or loading or discharging cargo, there will be NO CHARGE.

3. Crane Service

The use of Port cranes other than loading modules or deck cargo, thirty-five dollars per hour (\$35.00/hour) each plus Portland Ship Repair Yard operator labor with a four (4) hour minimum. For loading modules or unloading or loading module equipment, there will be NO CHARGE.

4. Other Port Services

Other in-shipyard services beyond the foregoing and described in the Port of Portland Ship Repair Yard facility brochure, e.g., labor, materials, etc., at the prevailing shipyard tariff.

EXHIBIT C-1

Lessor shall permit Lessee to use Dry Dock 4 to load out the modules and shall cause the construction of approximately 2,800 feet of module transport roadway, a reinforced earth bridge abutment, and a new loading bridge.

Specifically, Lessor shall undertake and complete the following major construction elements for Lessee's use of Dry Dock 4.

1. Construct new reinforced earth abutment for bridge.
2. Construct new pile-supported loading bridge to Dry Dock 4 (126 feet long by 40 feet wide).
3. Demolish Building No. 8 and adjacent wood-frame structure and relocate fence on south side of parking lot. Remove service building near Berth 312.
4. Protect underground utilities and reinforce electrical vaults as required.
5. Place and remove 2,800 lineal feet of 3/4-inch aggregate base, 40 feet wide, with a nominal depth of one (1) foot. Fine-grade roadbed to meet design tolerances. Allow for standby fine-grading during transport of modules (loader, grader, dump truck). Allow for drainage, site traffic crossings and fire lanes, and repair of damaged pavement.

10/12/84
0908L
12K272

PSY100002274

EXHIBIT C-2

SITE PREPARATION

At the module fabrication site, the Port will provide fencing along the north, east, and west boundaries of the site. The Port will provide two main utility stations just inside the fence. Utilities at these stations will be: 1) two main electric service points, each consisting of one minimum 750 KVA transformer supplying 3 phase 480 volt power to 6 circuit breakers, each rated 400 amp, 3 phase, 600 volts; 2) 2" or 4" waterline, metered at each station; 3) three telephone lines at each station. A sewer line and a compressed air line will be provided to a point inside the west fence. Site will be lighted by perimeter security lighting.

Port will remove Portland Cement concrete foundations and metal objects from site to a depth of one (1) foot and grade the surface to a flat condition.

EXHIBIT D

MODULE TRANSPORT ROADWAY

The Port will provide a roadway from the fabrication site to the barge for module transport. This roadway will consist of a minimum of 12 inches of crushed rock, 40 feet wide, over the top of existing pavements and unimproved surfaces. The maximum longitudinal grade will be 3 percent and the cross-slope grade will be zero (0) percent. The 200-foot area adjacent to the barge-loading surface will be removed on completion of the loadout, stockpiled, and reused for subsequent years' loadouts.

During the period of roadway use, equipment will be available to maintain the fine grade of the roadway surface.

Major underground utilities must be protected during module transport. This will be evaluated during design. Several precast reinforced concrete electrical vaults will be strengthened and/or replaced with new reinforced covers as required to withstand transporter loads.

Several buildings and fences along the route will be demolished to make room for the roadway.

"EXHIBIT E"

MANUFACTURE OF MODULES

I. GENERAL

Lessee will contract with a General Contractor to manufacture modules for shipment to Prudhoe Bay, Alaska. The General Contractor will work under the general guidance and direction of the Lessee's Resident Construction Manager located at the Portland site.

II. SCOPE OF WORK

- A. The modules scheduled to be manufactured will be for the Lessee's Lisburne Production Center at Prudhoe Bay, Alaska, and consist of the following:

<u>Module Title</u>	<u>Dimensions</u>	<u>Approximate Weight (Tons)</u>
Manifold	71x45x45	600
Oil Separation	116x88x110	1,620
Oil Shipping & STV/IP Compression	120x88x110	1,960
Gas Dehydration	120x66x90	1,920
H.P. Compression	185x70x90	2,090
H.P. Compression	185x70x90	2,090
Air Intake Filter Skid	50x20x30	40
Depropanization (Optional)	140x80x60	<u>2,300</u>
TOTAL		12,620 Tons

- B. The end use of the modules is for oil recovery at Prudhoe Bay. The modules will be sea-lifted to Prudhoe in July 1986 where they will be installed and functionally checked prior to startup in December 1986.

10/19/84
0648d
12K388

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Module Loading
Dry Dock 4 (Alt. 3)
Exhibit F - Cash Flow

<u>Month</u>	<u>Description</u>	<u>Estimated Cost</u>	<u>Estimated Cost (month)</u>	<u>Estimated Cost (to date)</u>
- Oct 84	Engineering	\$ 20,000		
	Soils Testing	20,000	\$ 40,000	\$ 40,000
Nov 84	Engineering	40,000		
	Electrical Mat.	20,000		
	Water Ser. P.O.	20,000	80,000	120,000
Dec 84	Engineering	10,000		
	Site grading	28,000		
	Electrical Mat.	18,000		
	Water Const.	8,000		
	Sewer Const.	18,000		
	Comp. Air Const.	8,000	90,000	210,000
Jan 85	Engineering	20,000		
	Fence Const.	30,000		
	Electrical Mat.	30,000		
	Electrical Const.	30,000		
	Water Const.	8,000		
	Sewer Const.	12,000		
	Comp. Air Const.	5,000	135,000	345,000
Feb 85	Engineering	24,500		
	Electrical Mat.	8,000		
	Electrical Const.	29,000	61,500	406,500
Mar 85	Engineering	21,500	21,500	428,000
Apr 85	Engineering	10,000	10,000	438,000
May 85	Advertise/Bid	-0-	-0-	438,000
Jun 85	Engineering	10,000		
	Wharf Const.			
	- Mobilization	95,000		
	- Receive Mat.	30,000	135,000	573,000
Jul 85	Engineering	22,000		
	Wharf Const.			
	- Piles/driving	95,000		
	- Earth retain- ment	199,000	316,000	889,000
Aug 85	Engineering	26,000		
	Wharf Const.			
	- Piles/driving	200,000		
	- Concrete Cap/deck	144,000	370,000	1,259,000

Sep 85	Engineering	5,000		
	Wharf Const.			
	- Concrete deck	55,000	60,000	1,319,000
Oct 85	Engineering	6,000		
	Wharf Const.			
	- Utility Protect.	30,000		
	- Pathway Prep.	44,000	80,000	1,399,000
Nov 85	Engineering	2,000		
	Wharf Const.			
	- Clean-up			
	and demob.	15,500	17,500	1,416,500

0765E

EXHIBIT G
MOVABLE FURNITURE, TRADE FIXTURES
AND TEMPORARY STRUCTURES

[to be prepared by Lessee]

EXHIBIT I

NON-DISTURBANCE AGREEMENT

THIS NON-DISTURBANCE AGREEMENT is made and entered into as of _____, 1984, by and between ARCO OIL AND GAS COMPANY, a division of ATLANTIC RICHFIELD COMPANY, a Pennsylvania corporation (the "Lessee"), and _____, (the "Beneficiary").

W I T N E S S E T H:

Beneficiary is the beneficiary under that certain Deed of Trust dated _____ (the "Deed of Trust"), recorded _____, recording no. _____ records of Multnomah County, Oregon, encumbering the property described in Exhibit A attached hereto and incorporated herein by this reference (the "Property"). The Port of Portland, a municipal corporation of the State of Oregon (the "Lessor"), is the owner of the Property and desires to lease the Property to Lessee pursuant to the Lease between Lessor and Lessee dated as of October _____, 1984 (the "Lease"), a copy of which is attached hereto and incorporated herein by this reference. Beneficiary and Lessee desire to confirm certain agreements and understandings with respect to the Lease in the event of any foreclosure of the Deed of Trust, or any other transfer or conveyance of the Property by virtue of the Deed of Trust, whether such transfer or conveyance is in lieu of foreclosure or otherwise.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, Beneficiary and Lessee hereby agree and covenant as follows:

1. So long as Lessee is not in default (beyond any period given Lessee under the Lease to cure such default) in the payment of rent or additional rent as provided for in the Lease, or in the performance or observance of any of the terms, covenants or conditions of the Lease on Lessee's part to be performed or observed, then, except in accordance with the terms of the Lease: (a) Lessee's possession of the Property and Lessee's rights and privileges under the Lease, or any extensions thereof, shall not be diminished or interfered with by Beneficiary; (b) Lessee's occupancy of the Property shall not be disturbed by Beneficiary for any reason whatsoever during the term of the Lease or any such extensions or renewals thereof; and (c) Beneficiary will not join Lessee as a party defendant in any action or proceeding for the purpose of terminating Lessee's interest and estate under the Lease because of any default under the Deed of Trust.

2. If the Property shall be transferred or shall revert to and be owned by Beneficiary by reason of foreclosure, or if for any other reason Beneficiary succeeds to the interest of Lessor under the Lease, then:

(a) Lessee shall be bound to Beneficiary under all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining, and any extensions or renewals thereof which may be effected in accordance with any option therefor contained in the Lease, with the same force and effect as if Beneficiary were the original landlord under the Lease, and Lessee does hereby attorn to Beneficiary as its landlord, said attornment to be effective and self-operative without the execution of any further instruments on the part of any of the parties hereto, immediately upon Beneficiary's succeeding to the interest of the Lessor under the Lease; and

(b) Beneficiary shall be bound to Lessee under the terms of the Lease; provided, however, that, in no event shall Beneficiary: (i) be liable to Lessee for any act or omission of any prior landlord; (ii) be subject to any offsets or defenses which Lessee might have against any prior landlord; (iii) be bound by any rent which Lessee might have paid to any prior landlord for more than the current month or other current period provided for in the Lease for the payment thereof; (iv) be liable to Lessee for any liability or obligation of any prior landlord accrued prior to the date that Beneficiary succeeds to the interest of Lessor under the Lease; or (v) be liable to Lessee for any security or other deposits given to secure the Lease, except to the extent Beneficiary acknowledges actual receipt of such security or other deposits in writing.

3. In the event the Deed of Trust is foreclosed and any party (whether an individual, corporation, partnership, association or other entity) succeeds, by an assignment or by a conveyance of any sort whatsoever, to the interest of the Lessor under the Lease, Lessee shall be directly bound to such assignee or other transferee under all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining, and any extensions or renewals thereof which may be effected in accordance with any option therefor contained in the Lease, with the same force and effect as if such assignee or other transferee were the original landlord under the Lease, and Lessee hereby covenants and agrees to attorn to such assignee or other transferee, to recognize such assignee or other transferee as its landlord under the Lease, and to execute, acknowledge and deliver an agreement, in recordable form, confirming such attornment and recognition; provided, however, that such assignee or other transferee shall enter into a written

agreement with Lessee, in recordable form, whereby such assignee or other transferee shall agree to recognize Lessee as its tenant under the lease and shall agree to be directly bound unto Lessee for the performance and observance of all the terms and conditions of the Lease required to be performed or observed by the landlord thereunder; provided, further, however, that such assignee or other transferee shall not: (i) be liable for any act or omission of any prior landlord; (ii) be subject to any offsets or defenses which the Lessee might have against any prior landlord; (iii) be bound by any rent or additional rent which the Lessee might have paid to any prior landlord for more than the current month or other current period provided for in the Lease for the payment thereof, (iv) be liable to Lessee for any liability or obligation of any prior landlord accrued prior to the date that such assignee or other transferee succeeded to the interest of Lessor under the Lease; or (v) be liable to Lessee for any security or other deposits given to secure the performance of Lessee's obligations under the Lease, except to the extent such assignee or other transferee acknowledges actual receipt of such security or other deposits in writing.

4. The rights and obligations hereunder of Lessee and Beneficiary shall bind and inure to the benefit of their respective legal representatives, successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date hereinabove set forth.

BENEFICIARY

ARCO OIL AND GAS COMPANY,
a division of
Atlantic Richfield Company

By _____
Its _____

EXHIBIT H

SAFECO TITLE INSURANCE COMPANY
OF OREGON

2525 S. W. First Avenue, #110
P. O. Box 218
Portland, Oregon 97201
Telephone: (503) 225-1005

PRELIMINARY TITLE REPORT

Order No. M-48387

To: Port of Portland
Box 3529
Portland, OR 97208

Attention: Crysttal

Customer Ref: PORT OF PORTLAND

Standard Leasehold \$1,000.00 Premium \$125.00

Government Service Charge: \$12.00

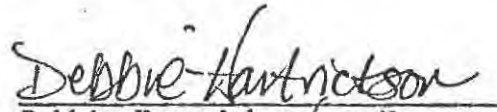
We are prepared to issue a title insurance policy in the form and amount shown above insuring the title to the property described herein. This report is preliminary to the issuance of a policy of title insurance.

Vestee: THE PORT OF PORTLAND

Dated as of: October 11, 1984, at 8:00 a.m.

Subject to the printed exceptions, exclusions, conditions and stipulations which are part of said policy, and to exceptions as shown herein.

SAFECO TITLE INSURANCE COMPANY
OF OREGON


Debbie Hartvickson (MD)
Title Officer

DESCRIPTION:

Please see attached Description.

EXCEPTIONS:

1. Taxes, including the current fiscal year, not assessed because of Port of Portland Exemption. If the exempt status is terminated under the statute prior to the date on which the assessment roll becomes the tax roll in the year in which said taxes were assessed, an additional tax may be levied.
Account No.: R-94120-1140

2. City liens, if any, of the City of Portland, (An inquiry has been directed to the City Clerk concerning the status of said liens and a report will follow if such liens are found.)

3. Covenants, conditions and restrictions, but omitting restrictions, if any, based on race, color, religion or national origin, as contained in the deed from the State of Oregon to the Port of Portland, including the terms and provisions thereof,

Recorded: June 28, 1967
Book: 568
Page: 1121
Records of: Multnomah County

4. An easement created by instrument, including the terms and provisions thereof.

Dated: November 20, 1974
Recorded: January 10, 1975
Book: 1023
Page: 782
Records of: Multnomah County
In Favor of: Portland General Electric Company, an Oregon corporation
For: Underground distribution line
Affects: A strip of land 10 feet in width, extending 5 feet on each side of a center line more particularly described as follows: Beginning at a point on the Southerly N. Channel Avenue, located in Section 20, Township 1 North, Range 1 East, Willamette Meridian, said point being South 52°30' East 164.8 feet from the intersection of said Southerly line with the Southwesterly extension of the centerline of N. Dolphin Street; RUNNING THENCE North 60°36' West 75 feet; thence North 56°40' West 50 feet; thence North 51°42' West 60 feet; thence North 60°05' West 70 feet; thence North 70°45' West 40 feet; thence North 28°49' West 17 feet to the Southerly line of N. Channel Avenue.

5. An easement created by instrument, including the terms and provisions thereof.

Dated: November 20, 1974

Recorded: January 10, 1975

Book: 1023

Page: 784

Records of: Multnomah County

In Favor of: Portland General Electric Company, an Oregon corporation

For: Underground Distribution line

Affects: Beginning at a point in Section 20, Township 1 North, Range 1 East, Willamette Meridian, that is on the Southwesterly line of N. Channel Avenue, said point being South 52°30' East 40 feet from the intersection of said Southwesterly line with the Southwesterly extension of the Southeasterly line of N. Commerce Street; RUNNING THENCE South 52°30' East 12 feet; thence South 37°30' West 12 feet; thence North 52°30' West 12 feet; thence North 37°30' East 12 feet

6. Covenants, conditions and restrictions, but omitting restrictions, if any, based on race, color, religion or national origin, as contained in Ordinance No. CU 19-77, including the terms and provisions thereof,

Recorded: April 8, 1977

Book: 1170

Page: 450

Records of: Multnomah County

7. Rights of the public and of governmental bodies in and to that portion of the premises herein described lying below the high water mark of the Willamette River and the ownership of the State of Oregon in and to that portion lying below the high water mark thereof.

NOTE: A copy of the original lease to be insured should be furnished to this office for examination.

cc: none

DH/jw

10/22/84

DESCRIPTION

A parcel of land located in Section 20, Township 1 North, Range 1 East, Willamette Meridian, Multnomah County, Oregon, described as follows:

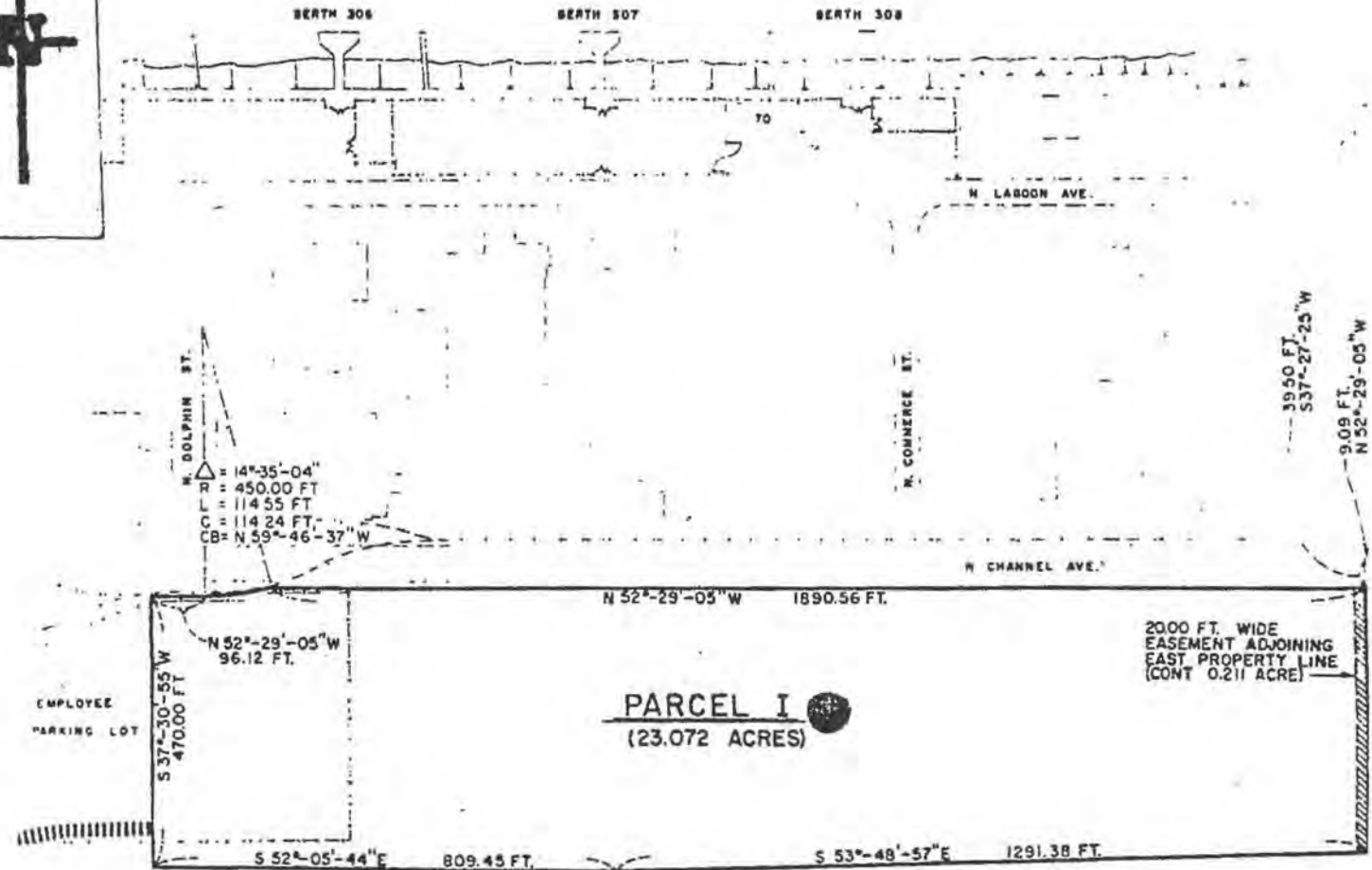
Beginning at the centerline intersection of North Lagoon Avenue and North Channel Avenue, said point being South 2,331.75 feet and East 666.57 feet from the Northeast corner of Section 20; thence North $84^{\circ}20'25''$ West along the centerline of North Channel Avenue 1,102.35 feet; thence 264.97 feet along the arc of a curve to the right having a radius of 477.46 feet and a central angle of $31^{\circ}47'50''$ to a point which bears North $68^{\circ}26'30''$ West a distance of 261.59 feet; thence North $52^{\circ}32'35''$ West 1,237.93 feet; thence North $52^{\circ}29'05''$ West 9.09 feet; thence South $37^{\circ}27'25''$ West 39.50 feet to a point on the Southwesterly right-of-way of North Channel Avenue said point being the TRUE POINT OF BEGINNING; thence along the Southwesterly right-of-way of North Channel Avenue North $52^{\circ}29'05''$ West 1,890.56 feet; thence 114.55 feet along a nontangent curve to the right having a radius of 450.00 feet and a central angle of $14^{\circ}35'04''$ to a point which bears North $59^{\circ}46'37''$ West a distance of 114.24 feet, thence North $52^{\circ}29'05''$ West 96.12 feet; thence South $37^{\circ}30'55''$ West 470.00 feet; thence South $52^{\circ}05'44''$ East 809.45 feet; thence South $53^{\circ}48'57''$ East 1,291.38 feet; thence North $37^{\circ}27'25''$ East 460.00 feet to the true point of beginning.

SAFECO



SAFECO TITLE INS. CO.
2525 SW 1st
PORTLAND OREGON
97201
225-1005

THIS PLAT IS FOR YOUR AID IN LOCATING
YOUR LAND WITH REFERENCE TO STREETS
AND OTHER PARCELS. WHILE THIS PLAT IS
BELIEVED TO BE CORRECT THE COMPANY
ASSUMES NO LIABILITY FOR LOSS OCCURRING
BY REASON OF RELIANCE THERE ON



LEGAL DESCRIPTION

The riprap site to the barge
shall consist of a minimum of 12
feet the top of existing
the maximum longitudinal grade
shall be 2.0 percent.
the existing surface will be
the riprap site to the barge

A parcel of land located in Section 20, Township 1 North, Range 1
East, Willamette Meridian, Multnomah County, Oregon, described as
follows:

Beginning at the centerline intersection of North Lagoon Avenue and
North Channel Avenue, said point being south 2,331.74 feet and east
809.57 feet from the northeast corner of Section 20, Township 1 North, Range 1
East, Willamette Meridian, Multnomah County, Oregon, said point being



Port of Portland

Box 3529, Portland, Oregon 97208
503/231-5000

LEGAL DIVISION

M. Brian Playfair (Ext. 262)
Dean M. Phillips (Ext. 274)
Shirley Talkington (Ext. 261)

TRANSMITTAL LETTER

Date: 7-19-88

File: 84-138

To: Judy Green

Subject: Acas Oil

- ☐ For review. ☐ For action. ☐ For approval. ☐ For signature.
☐ As requested. ☐ For information. ☐ Please discuss.

Remarks: Judy, Can you look into
this. Dennis Hasnt responded
to my first inquiry.
Documentation attached
Thanks for your help.

From:

- ☐ Brian Playfair. ☐ Dean Phillips. ☒ Shirley Talkington.

Please Indicate Appropriate Action and Return.

Date: _____

- ☐ Review completed and approved. ☐ Review completed and changes made.
☐ Please discuss. ☐ Signed

Remarks: _____

From: _____

PORT CONTRACT NO. 84-138

AMENDMENT NO. 4

THIS AMENDMENT NO. 4, dated the 15th day of July, 1987, to the Lease Agreement dated October 22, 1984, as amended ("Original Lease"), between the PORT OF PORTLAND, a municipal corporation of the State of Oregon ("Lessor"), and ARCO ALASKA, INC., a subsidiary of Atlantic Richfield Company, a Delaware corporation, successor in interest to ARCO RESOURCES TECHNOLOGY ("Lessee"). All capitalized terms not otherwise defined shall have the meaning assigned to them in the Original Lease.

W I T N E S S E T H:

WHEREAS, the Lessor and Lessee are the parties to the Original Lease, covering certain land, warehouse space, and office space located in the Portland Ship Repair Yard ("Yard") of the Lessor, as well as certain easements in and over the module Movement Path ("Path") and the loading dock, including Dry Dock 4 ("Dock"), as more specifically set forth in the Original Lease; and

WHEREAS, the Lessor and Lessee desire to modify the Original Lease so that the Lessee can acquire additional space for the purpose of Module Fabrication;

NOW THEREFORE, the parties agree as follows:

1. Modification of Rent: Paragraph 2 of the Original Lease is hereby modified by adding a new subparagraph (G) which shall read as follows:

"(G) Commencing July 15, 1987, Lessor leases to Lessee on a month-to-month basis approximately 25,000 square feet of space, which is on the date of this Lease improved and commonly known as the Yard's Building 4, Bay 5, for the sole purpose of fabricating modules. Lessee shall pay to Lessor \$0.22 per square foot per month for a total monthly payment of \$5,500.00 as the monthly rent for use of Building 4, Bay 5. Either party may terminate the month-to-month lease for Building 4, Bay 5 upon thirty days' written notice to the other party.

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AMENDMENT NO. 3

THIS AMENDMENT NO. 3, dated the 20th day of August, 1986, to the Lease Agreement ("Original Lease") dated October 22, 1984, as amended, between the PORT OF PORTLAND, a municipal corporation of the State of Oregon ("Lessor") and ARCO ALASKA, INC., a subsidiary of Atlantic Richfield Company, a Delaware corporation, successor in interest to ARCO RESOURCES TECHNOLOGY ("Lessee"). All capitalized terms not otherwise defined shall have the meaning assigned to them in the Original Lease.

W I T N E S S E T H

WHEREAS, The Lessor and Lessee are parties to the Original Lease, referenced above, covering certain land, warehouse space, and office space located in the Portland Ship Repair Yard ("Yard") of the Lessor, as well as certain easements in and over the module Movement Path ("Path") and the loading dock, including Dry Dock 4 ("Dock"), as more specifically set forth in the Original Lease; and

WHEREAS, in consideration of a pending claim between the parties concerning the Lessor's additional expense associated with the increased weight of Lessee's modules, Lessee has agreed to convey to the Lessor, free from all encumbrances, liens, or security interests a 10,000-square-foot office building located on the 23 acres leased by Lessee, pursuant to Paragraph 2(A)(i) of the Original Lease ("Office Building"), and to pay the Lessor a single lump sum of \$100,000; and

WHEREAS, in further consideration of the conveyance of the Office Building, the Lessor has agreed to grant Lessee THE RIGHT to lease the Office Building, IF IT IS AVAILABLE FOR LEASE, for a MAXIMUM period of four years AT A RATE OF \$0.40 PER SQUARE FOOT PER MONTH; and

WHEREAS, Lessee wishes to exercise its option to extend the Original Lease for a portion of the leased premises described in Exhibits B and C (the "Premises"); and

WHEREAS, the Lessor and Lessee wish to amend the Original Lease to reflect the additional, mutually agreed upon modifications to the Original Lease;

NOW, THEREFORE, the parties agree as follows:

1. Modification of Term. Paragraph 1 of the Original Lease is hereby deleted and the following paragraph shall be inserted in its place:

1. Term. The term of this Lease shall be for a period commencing August 31, 1986, and ending August 31, 1987. IF LESSEE IS NOT IN DEFAULT the Lessee may, at its sole option, extend the term of this Lease for up to four

additional terms of one year each. Each one-year extension may be effected by Lessee's giving written notice of such extension to Lessor at least 120 days prior to expiration of the term then in effect. All terms and conditions of this Lease shall apply to the additional terms.

2. Modification of Rent. Paragraphs 2(A), (B), (C), and (D) of the Original Lease are hereby deleted and the following paragraph shall be inserted in their place:

2. Rent. Rent shall be payable for the Premises as follows:

A. Shop and warehouse space, the exact area and monthly payment being set forth in Exhibit J, in Bays No. 6 and 7 of the Yard's Building 4, described in Exhibit C - \$0.18 per square foot per month of space under lease; and

B. Paved Outside Area, described in Exhibit B, the exact area and monthly payment being set forth in Exhibit J, - \$2,600 per acre per month.

C. In the event that Lessee exercises its option to extend the lease term, the rent set forth in 2(A) and 2(B) SHALL BE SUBJECT TO ADJUSTMENT EFFECTIVE SEPTEMBER 1 OF LEASE YEARS 1987, 1988, 1989, AND 1990 ("ADJUSTMENT LEASE YEARS") AS FOLLOWS:

1. THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (BASE YEAR 1967 - 100) FOR THE UNITED STATES, PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS ("INDEX") WHICH IS PUBLISHED IN DECEMBER OF THE YEAR PRECEDING THE ADJUSTMENT LEASE YEAR ("ADJUSTMENT INDEX"), SHALL BE COMPARED WITH THE INDEX PUBLISHED IN DECEMBER 1985 ("BEGINNING INDEX").
2. IF THE ADJUSTMENT INDEX HAS INCREASED OVER THE BEGINNING INDEX, THE RENT PAYABLE COMMENCING IN EACH ADJUSTMENT LEASE YEAR (UNTIL THE NEXT ADJUSTMENT LEASE YEAR) SHALL BE SET BY MULTIPLYING THE RENTS SET FORTH IN SUBSECTIONS 2(A) AND 2(B) BY A FRACTION, THE NUMERATOR OF WHICH IS THE ADJUSTMENT INDEX AND THE DENOMINATOR OF WHICH IS THE BEGINNING INDEX; PROVIDED, HOWEVER, THAT THE RENTS SHALL NEVER BE LESS THAN THE AMOUNTS SPECIFIED IN SUBSECTIONS 2(A) AND 2(B) OR LESS THAN THE AMOUNT OF THE RENTS PAYABLE IN THE LEASE YEARS PRECEDING THE ADJUSTMENT LEASE YEAR.
3. IF THE INDEX IS CHANGED SO THAT THE BASE YEAR DIFFERS FROM THAT IN EFFECT WHEN THE TERM COMMENCES, THE INDEX SHALL BE CONVERTED IN ACCORDANCE WITH THE CONVERSION FACTOR PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR STATISTICS. IF THE INDEX IS DISCONTINUED OR REVISED DURING THE TERM, SUCH OTHER GOVERNMENT INDEX OR COMPUTATION WITH WHICH IT IS REPLACED SHALL BE USED IN ORDER TO OBTAIN SUBSTANTIALLY THE SAME RESULT AS WOULD BE OBTAINED IF THE INDEX HAD NOT BEEN DISCONTINUED OR REVISED.

Port Contract No. 84-138

Amendment No. 3

Page 2 of 4

8/14/86:1740B

PSY100002294

Paragraphs 2(E), (F), and (G) shall be redesignated 2(D), (E), and (F) respectively.

3. Improvement of Premises. Lessor shall provide, at its sole cost and expense, temporary fencing for the area described in Exhibit B. Lessee shall provide, at its sole cost and expense, additional lighting for the Premises.

4. Payment and Conveyance of Office Building.

A. Upon execution of this Agreement, Lessee shall pay the Lessor a single lump sum amount of \$100,000 in cash.

B. Execution of this Agreement by both Parties shall constitute conveyance by Lessee of the Office Building to Lessor, Lessee shall convey to the Lessor, free of all encumbrances, liens and security interest.

C. In consideration of Lessee's conveyance of the Office Building and the lump sum payment, the Lessor's claim for reimbursement for expenses incurred by the Lessor as a result of the increased weight of Lessee's modules shall be fully satisfied, and Lessee shall be relieved of its obligation to remove the concrete module foundations on the 23-acre property, pursuant to Paragraph 14 of the Original Lease. If Lessee should lease the 23-acre site at any time in the future, Lessee shall accept the site as is as of the date of this Amendment No. 3, and will not require the Lessor to remove or modify the module site or foundations.

D. Lessor accepts the Office Building and all associated improvements as is, where is. The improvements include, but are not limited to, a communications hookup, but do not include communications hardware or equipment.

6. Option to Rent Office Building. In further consideration of Lessee's conveyance of the Office Building and payment of the lump sum, Lessee shall have the RIGHT to rent the Office Building DURING THE TERM OF THIS AGREEMENT at \$0.40 per square foot per month. This option shall be effective only if THE PORT DETERMINES IN ITS SOLE DISCRETION THAT the Office Building is available for rent. The rental of the Office Building pursuant to this paragraph shall be subject to all applicable terms and conditions of this Lease.

7. Acceptance of Site. Lessor agrees that the original Premises have been satisfactorily restored pursuant to Paragraph 14 of the Original Lease.

8. Original Lease Remains in Force. Except as expressly modified herein, including the incorporation of Exhibit J attached hereto and fully incorporated herein by reference, the terms and conditions of the Original Lease shall remain in full force and effect.

Port Contract No. 84-138

Amendment No. 3

Page 3 of 4

8/14/86:1740B

PSY100002295

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment No. 3 on the day and year first above written.

ARCO ALASKA, INC.

By *John H. Hice*
Its *Project Manager*
DATE *8/14/86*

THE PORT OF PORTLAND

By *James D. Thompson*
Its *President*
APPROVED AS TO LEGAL SUFFICIENCY
M. Brian Playfair
Counsel for
The Port of Portland

APPROVED BY COMMISSION:

8-13-86
Deed. Underwood
ASST. SECRETARY

MODULE FACILITY

EXHIBIT PLAT AND LEASE AREAS

SUBMITTED BY

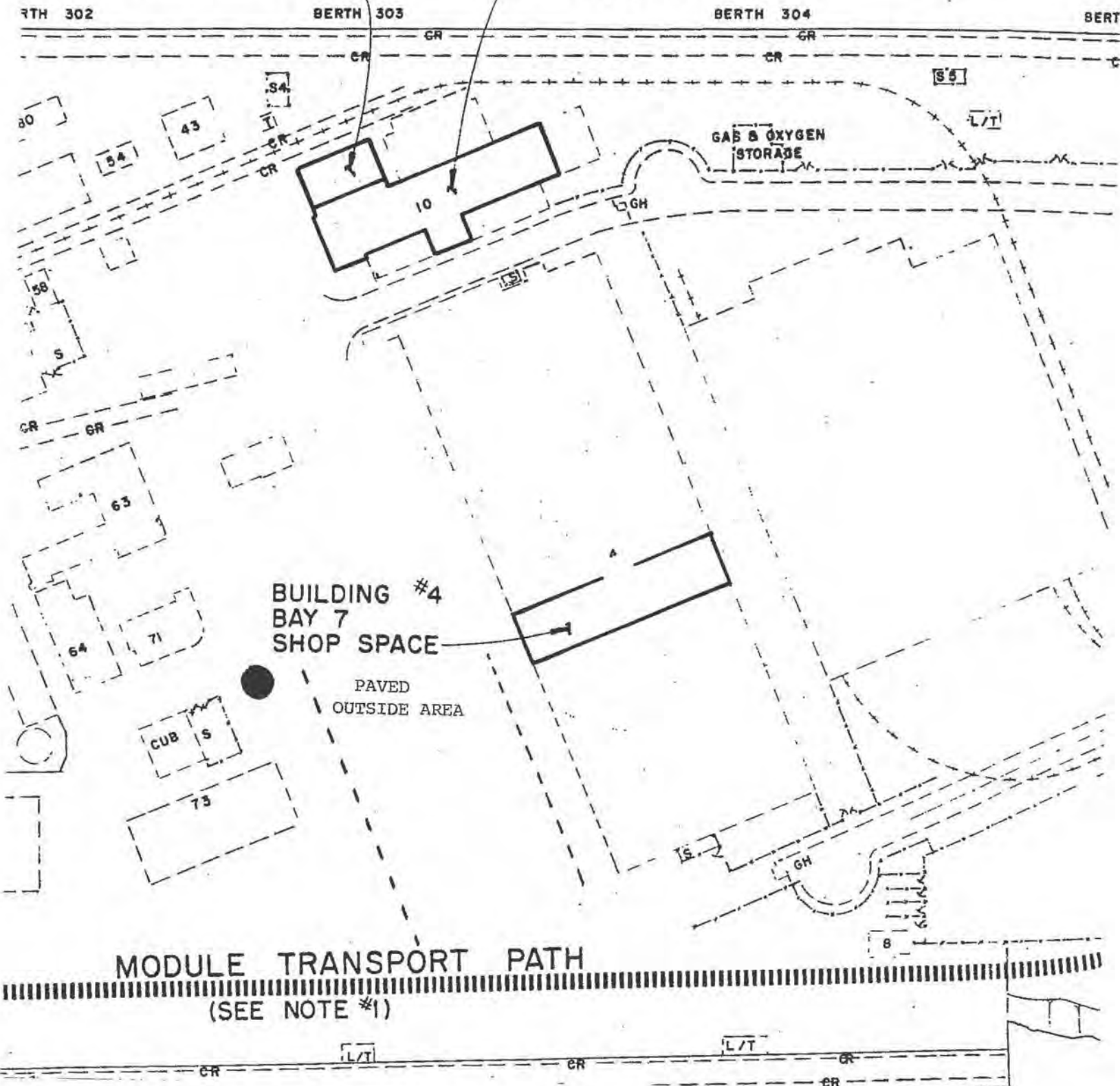
DRAWING NO.

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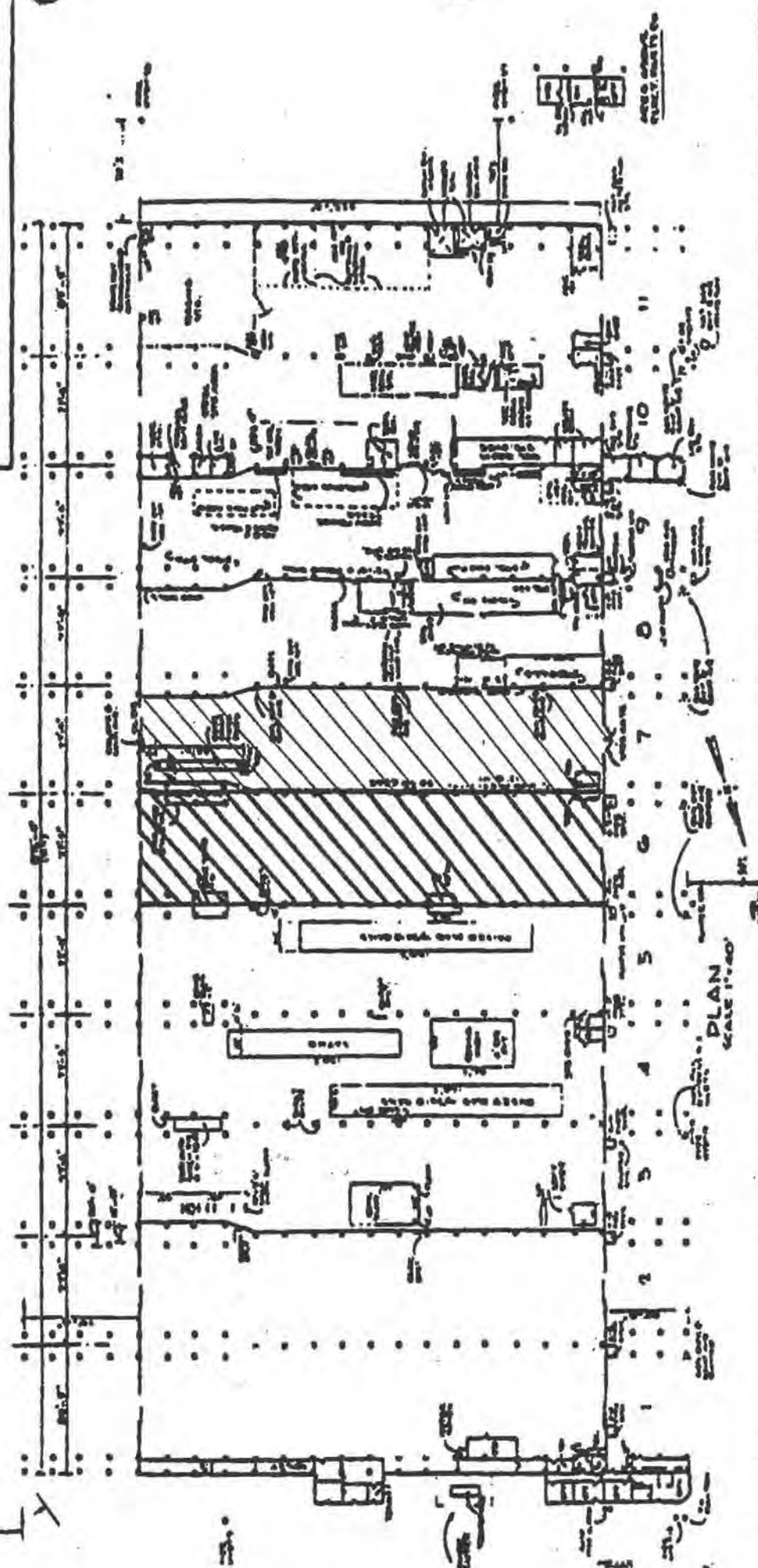
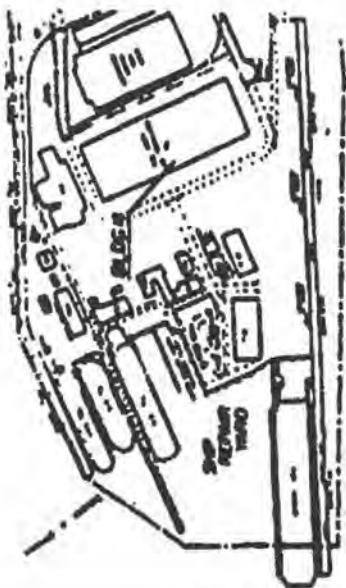
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BUILDING #10
AREA 11
OFFICE SPACE
(UPPER FLOOR)

BUILDING #10
AREA 5
SHOP SPACE
(33,986 S.F.)



Building 4, Bay 6, Bay 7



THE PORT OF PORTLAND

ORDERING AND REPAIR VOUCHER
FIRE RESPONSE
BLDG 4
ASSEMBLY BLDG.

THE

W. 1103

三

[illegible]

EXHIBIT J

Bay No. 6 25,000 square feet at \$0.18 per square foot per month
Bay No. 7 25,000 square feet at \$0.18 per square foot per month

Paved area to be determined at a later date.

AMENDMENT

Amendment No. 1
Contract No. LFP-8579

This Amendment No. 1 is made and entered into this day of April 1, 1985, by and between ARCO Oil and Gas Company, a Pennsylvania Corporation (hereinafter called ARCO) and The Port of Portland, Inc., a municipal corporation of the State of Oregon, (hereinafter called the "Port").

WHEREAS, ARCO and the Port desire to amend the above-referenced agreement between the parties hereto (hereinafter called the "CONTRACT"). NOW, THEREFORE, the parties hereto hereby amend the CONTRACT as follows:

REFERENCE: Paragraph 2. Compensation, change the maximum compensation from:

"...Ninety four thousand, seven hundred and twenty dollars (94,720)..." to "Ninety eight thousand, seven hundred and twenty dollars (\$98,720)"

Except as modified or changed by this Amendment, all of the terms and provisions of the CONTRACT shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 as of the date first above written.

ARCO Oil and Gas Company

BY:


A. W. Johnson
Project Manager

Lisburne Facilities Project

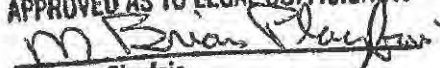
The Port of Portland



L. E. ANDERSON

EXECUTIVE DIRECTOR

APPROVED AS TO LEGAL SUFFICIENCY:


M. Brian Playfair

Contract No. LFP-8579

Amendment

Page 1 of 1

7/1/85:0276G

PSY100002300

AMENDMENT

Amendment No. 1
Contract No. LFP-8579

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WHEREAS, ARCO and the Port desire to amend the above-referenced agreement between the parties hereto (hereinafter called the "CONTRACT"). NOW, THEREFORE, the parties hereto hereby amend the CONTRACT as follows:

REFERENCE: Paragraph 2. Compensation, change the maximum compensation from:

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Except as modified or changed by this Amendment, all of the terms and provisions of the CONTRACT shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 as of the date first above written.

ARCO Oil and Gas Company

BY: _____

A. W. Johnson
Project Manager
Lisburne Facilities Project

The Port of Portland

Wayne F. [Signature]
FOR C.E. Anderson
EXECUTIVE DIRECTOR

APPROVED AS TO LEGAL SUFFICIENCY:

M. Brian Playfair
M. Brian Playfair

Hand
Delivered to
M. B.
8/1/85

Contract No. LFP-8579
Amendment
Page 1 of 1

7/1/85:0276G

PSY100002301

PORT CONTRACT 84-138

AMENDMENT NO. 2

THIS AMENDMENT NO. 2, dated as of July 10, 1985, to the Lease Agreement ("Original Lease") dated as of October 22, 1984, as amended, between the PORT OF PORTLAND, a municipal corporation of the State of Oregon ("Port") and ARCO RESOURCES TECHNOLOGY, a division of Atlantic Richfield Company, a Delaware corporation ("ARCO"). All capitalized terms not otherwise defined shall have the meaning assigned to them in the Lease.

W I T N E S S E T H:

WHEREAS, the Port and ARCO are parties to the Original Lease, referenced above, covering certain land, warehouse space, and office space located in the Portland Ship Repair Yard ("Yard") of the Port, as well as certain easements in and over the Module Movement Path ("Path") and the loading dock, including Dry Dock 4 ("Dock"), as more specifically set forth in the Lease; and

WHEREAS, ARCO has agreed to pay Eleven Thousand and No/100 Dollars (\$11,000.00) toward the construction of a gravel roadway from the Port's Yard to the ARCO site, which roadway is in different form and in addition to the Module Movement Path described in the Original Lease, which Path continues to be the sole cost and responsibility of the Port; and

WHEREAS, ARCO has agreed to amend the Original Lease to allow for a payment of Forty Thousand and No/100 Dollars (\$40,000.00) toward the modification of the Dock in return for the granting by the Port of certain additional rights to the Dock as specified herein; and

WHEREAS, ARCO's reorganization has assigned ARCO's Project Manager to ARCO Resources Technology, a division of Atlantic Richfield Company, and authorized him to sign on behalf of ARCO; and

WHEREAS, each of the Port and ARCO wish to amend the Lease to provide for additional space to be leased by ARCO as specified herein;

NOW, THEREFORE, the parties agree as follows:

1. The Port hereby acknowledges receipt of Eleven Thousand and No/100 Dollars (\$11,000.00) toward the construction of a gravel roadway from the Port's Yard to the ARCO site at the Port. The Port hereby acknowledges its sole responsibility to pay for any additional cost of such gravel roadway and hereby reaffirms its sole responsibility to timely construct the Path as specified in the Original Lease.
2. The Port hereby acknowledges receipt of Forty Thousand and No/100 Dollars (\$40,000.00) from ARCO which will be used to purchase Steel Beams (material and welding into assemblies) whose total cost is Seventy-Eight Thousand Two Hundred Fifty and No/100

Dollars (\$78,250.00). In return for such payment, the Port grants ARCO the right to use the Steel Beams during the term and any renewal period of the Original Lease.

3. The following modifications are made to Paragraph 2 of the Original Lease:

a. Modifications to be Effective April 15, 1985:

- (1) Port leases to ARCO, on the terms and conditions stated in the Original Lease, certain improved space consisting of approximately sixty-five thousand three hundred sixty (65,360) square feet which is, on the date of this Lease, more fully described in Exhibit A hereto "Improved Space."
- (2) The term of the Lease for the additional Improved Space shall commence on April 15, 1985, and shall continue on a month-to-month basis, until terminated by either party upon thirty (30) days written notice or by ARCO's default.
- (3) ARCO shall pay to Port as additional rent for the additional Improved Space leased herein the sum of Three Thousand Nine Hundred One and 19/100 Dollars (\$3,901.19) per month in accordance with the terms set forth in the Original Lease.

b. Modifications to be Effective June 1, 1985:

- (1) Port leases to ARCO, on the terms and conditions stated in the Original Lease, certain additional improved Outside Area Space consisting of approximately thirty-two thousand six hundred and seventy (32,670) square feet which is, on the date of this Lease, more fully described in Exhibit B ("Improved Outside Area Space").
- (2) The term of the Lease for the additional Improved Outside Area Space shall commence on June 1, 1985, and shall continue on a month-to-month basis, until terminated by either party upon thirty (30) days written notice or by ARCO's default.
- (3) ARCO shall pay to Port, as additional rent for the additional Improved Outside Area Space, the sum of One Thousand Six Hundred and 20/100 Dollars (\$1,600.20) per month in accordance with the terms set forth in the Original Lease.

c. Modifications to be Effective July 1, 1985:

- (1) ARCO and Port agree that ARCO shall no longer utilize and shall vacate sixteen hundred (1,600) square feet of the Warehouse Space it presently occupies in Building 10 at the Yard. As a result of ARCO moving out of Building 10, Port acknowledges that ARCO will incur an additional expense in the amount of One Hundred Twenty-Eight and No/100 Dollars (\$128.00) per month for double handling of material. Unless the Lease of the additional twenty-five thousand (25,000) square feet of Warehouse Space leased pursuant to this paragraph is terminated pursuant to Paragraph 3(C)(3), Port agrees to offset ARCO's expense of acquiring an additional twenty-three thousand four hundred (23,400) square feet of warehouse space in Building 4, Bay 6 by One Hundred Twenty-Eight and No/100 Dollars (\$128.00) per month as provided in Paragraph 3(C)(4) below.
- (2) Port leases to ARCO, on the terms and conditions stated in the Original Lease, an additional twenty-five thousand (25,000) square feet of Warehouse Space in Building 4, Bay 6 of the Yard which is, on the date of this Lease, more fully described in Exhibit C ("Warehouse Space").

e. The Port also acknowledges receipt of ARCO's payment of Ninety-Eight Thousand Seven Hundred Twenty and No/100 Dollars (\$98,720.00) for certain improvements to leased office space and Warehouse Space in Building 10 and to the Premises as specified in the Agreement dated January 8, 1985, between the Port and ARCO. Said Agreement and Amendment No. 1 thereto are attached hereto as Exhibit D.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 2 as of the day and year first written above.

ARCO RESOURCES TECHNOLOGY

By

John P. Ace *jwa*

By

Date

9/12/85

THE PORT OF PORTLAND

By

L. Cohen
Executive Director

By

Lee A. Underwood
Assistant Secretary

Date

September 17, 1985

APPROVED AS TO LEGAL SUFFICIENCY:

M B Playfair
Counsel for
The Port of Portland

08/21/85
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(3) The term of the Lease for the additional Warehouse Space shall commence on July 1, 1985, and shall continue on a month-to-month basis, unless terminated by either party upon thirty (30) days written notice or by ARCO's default.

(4) ARCO shall pay to Port, as additional rent for ARCO net increase of 23,400 square feet of Warehouse Space, the sum of Two Thousand Three Hundred Forty and No/100 Dollars (\$2,340.00) per month in accordance with the terms set forth in the Original Lease minus the One Hundred Twenty-Eight and No/100 Dollars (\$128.00) per month as set forth in Paragraph 3(C)(1) to compensate ARCO for double-handling charges incurred by ARCO, as a result of ARCO's move. The net increase in cost to ARCO for the additional twenty-three thousand four hundred (23,400) square feet of Warehouse Space shall be Two Thousand Twelve and No/100 Dollars (\$2,212) per month.

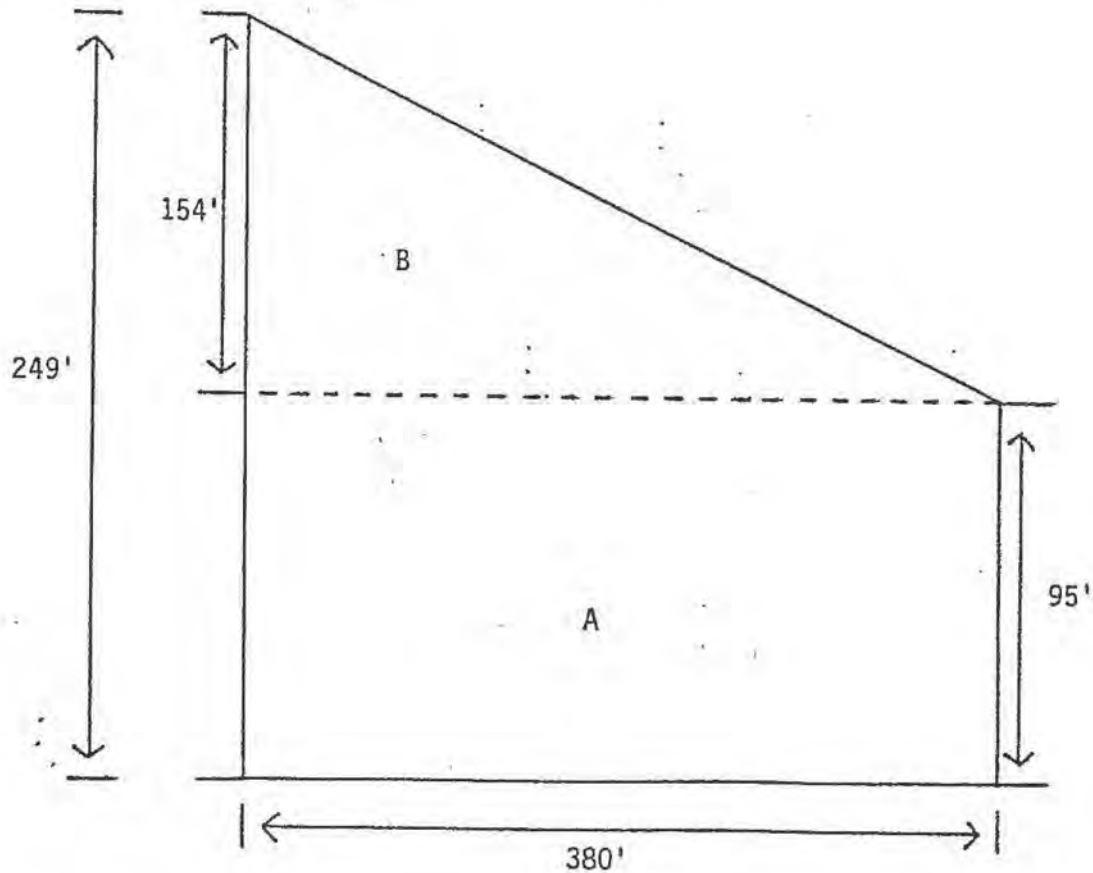
d. Paragraph 4(A)(i) of the Original Lease is hereby deleted, and the following paragraph shall be inserted in its place:

"(i) Dry dock four modification and loading bridge by March 30, 1986 as described in Exhibit C-1;"

EXHIBIT A

DESCRIPTION OF SPACE

A fenced, paved, lighted and security patrolled area within the Portland Ship Repair Yard:



Area A = 29,260

Area B = 36,100

TOTAL 65,360 square feet

1 acre = 43,560

Rate = \$2,600/acre

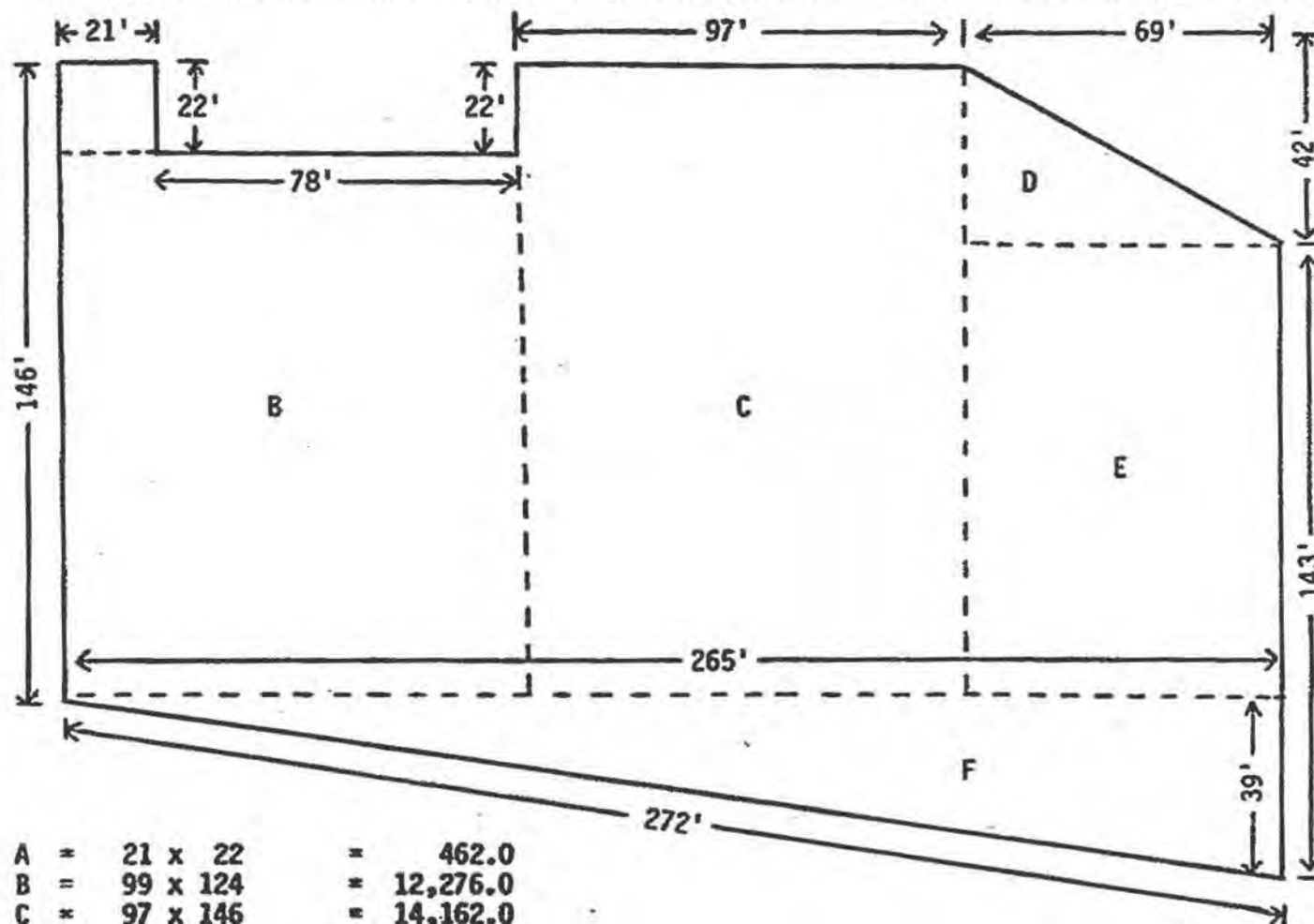
$65,360 / 43,560 = 1.500459$

TOTAL MONTHLY PAYMENT = \$3,901.19

EXHIBIT B

DESCRIPTION OF SPACE

A fenced, paved, lighted and security patrolled area within Portland Ship Repair Yard:



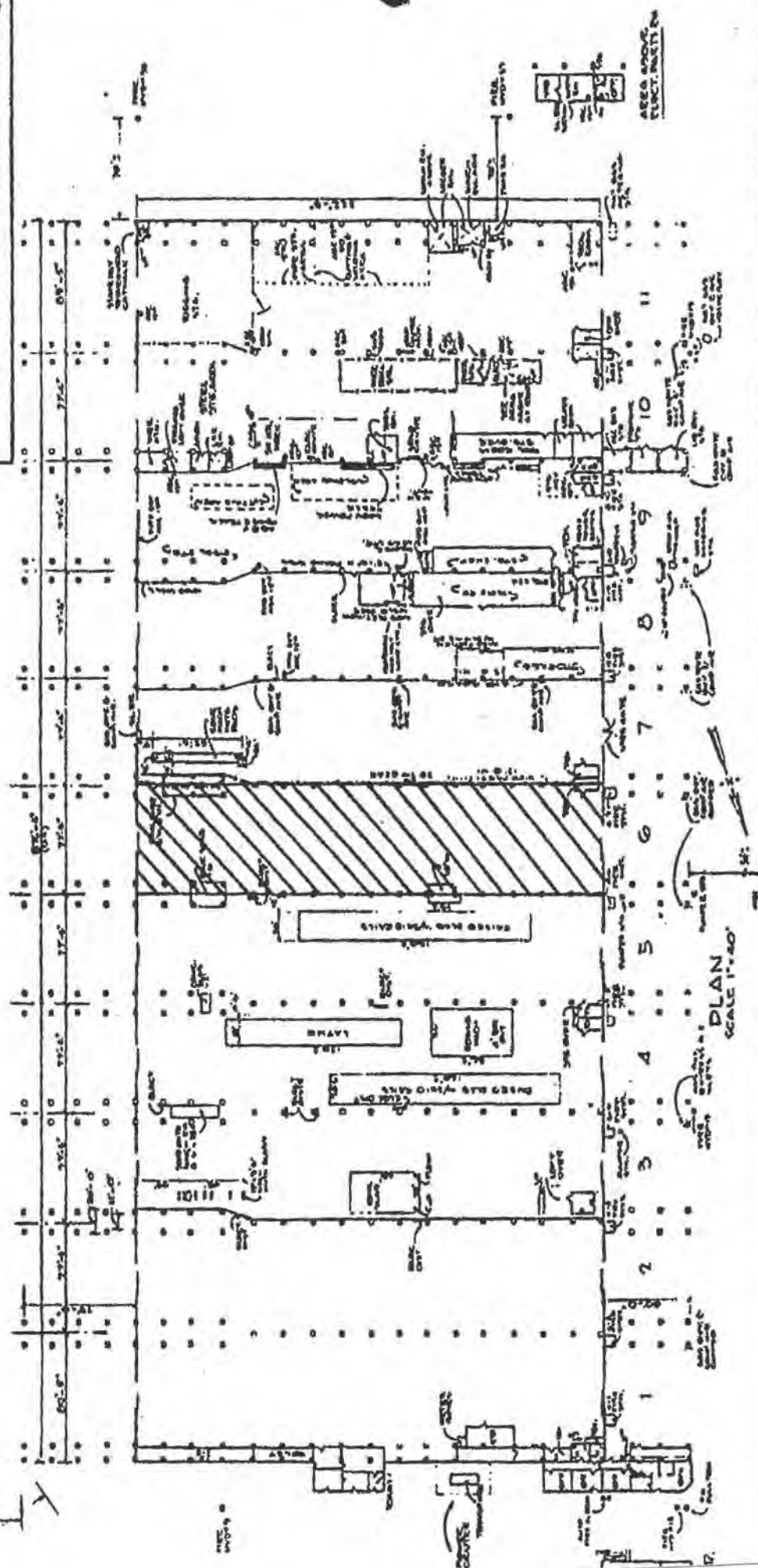
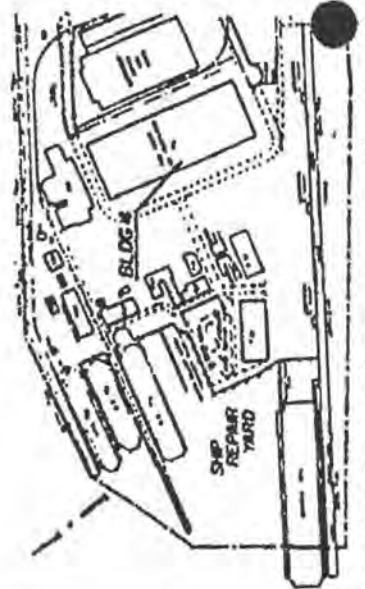
A	=	21 x 22	=	462.0
B	=	99 x 124	=	12,276.0
C	=	97 x 146	=	14,162.0
D	=	1/2 x 69 x 42	=	1,449.0
E	=	104 x 69	=	7,176.0
F	=	1/2 x 265 x 39	=	5,167.5

TOTAL AREA 40,692.5

By agreement with ARCO, the space is defined to be 32,670 square feet

EXHIBIT C

Building 4, Bay 6



PORTLAND SHIP REPAIR YARD
FIRE RESPONSE
BLDG 4
ASSEMBLY BLDG.

DATE: 11-29-68
BY: JAL/KDA

THE PORT OF PORTLAND



AGREEMENT dated January 8, 1985 between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon (the "Port") and ARCO OIL AND GAS COMPANY, a division of ATLANTIC RICHFIELD COMPANY, a Pennsylvania corporation ("ARCO").

WHEREAS, the Port and ARCO are parties to a Lease Agreement dated as of October 22, 1984 covering certain land, warehouse space and office space located in the Portland Ship Repair Yard of the Port; and

WHEREAS, ARCO wishes to contract with the Port to make certain improvements to the leased office space and warehouse a space in Building No. 10 and to the leased land to be used as the module construction site, and the Port wishes to perform such work;

NOW THEREFORE, the parties agree as follows:

1. Scope of Work

The attached Scope of Work, marked Exhibit A and incorporated herein by reference, outlines the specific work to be performed by the Port and sets forth the timetable for its completion.

2. Compensation

ARCO agrees to pay Port a maximum of Ninety-Four Thousand, Seven Hundred and Twenty dollars (\$94,720.00) for performance of the services specified in the Scope of Work (Exhibit A), which payment shall be paid upon receipt of Port's invoice at the completion of the work. All approved invoices shall be paid within thirty (30) days of receipt.

3. Port's Project Manager

Port's Project Manager for the work specified herein is Mr. David Cheramy. Port shall give ARCO prompt written notice of any redesignation of its Project Manager.

4. ARCO's Project Manager

ARCO's Project Manager for the work specified herein is Mr. John Nyce, or his designee. In the event that ARCO's designated Project Manager is changed, ARCO shall give the Port written notification of such redesignation. In the event that Port receives any communication from ARCO of any nature whatsoever which is not executed by ARCO's designated Project Manager, the Port may request clarification from ARCO's Project Manager, which shall be promptly furnished.

5. Port is Independent Contractor

Port shall be and herein declares that it is an independent contractor for purposes of this Contract.

Contract No. LFP-8579

Agreement

Page 1 of 2

1/18/85:139N

PSY100002312

6. Early Termination

This Contract may be terminated prior to completion of the work by mutual written consent of the parties.

7. Work is Property of Port

All work, including but not limited to improvements constructed, documents, drawings, papers, computer programs, and photographs, performed or produced by Port under this Contract shall be the property of Port.

8. Law of Oregon

This Contract shall be governed by the laws of the State of Oregon.

9. Adherence to Law

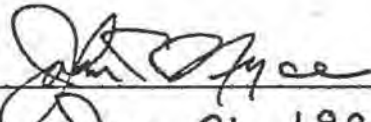
Both parties shall adhere to all applicable federal and state laws including but not limited to laws, rules and regulations concerning employer and employee relationships, workers' compensation, and minimum and prevailing wage requirements.

10. Modification

Any modification of the provisions of this Contract shall be reduced to writing and signed by the parties. A modification is a written document, executed by Port, which increases or decreases the cost to Port over the agreed contract sum, or changes or modifies the scope of service or time of performance. No modification shall be binding unless executed in writing by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

ARCO OIL AND GAS COMPANY

By 
Date Jan. 21, 1985

THE PORT OF PORTLAND AGREES TO THE
TERMS AND CONDITIONS OF THIS WORK
AUTHORIZATION.

By 
EXECUTIVE DIRECTOR
Date 2/1/85

APPROVED AS TO LEGAL SUFFICIENCY:


Counsel for
THE PORT OF PORTLAND

Contract No. LFP-8579
Agreement
Page 2 of 2

1/18/85:139N

PSY100002313

PORTLAND SHIP REPAIR YARD
SPECIFICATIONS

BUILDING NO. 10
ARCO/FLUOR/LISBURNE OFFICES

This specification describes the work to be performed by Portland Ship Repair Yard to the Arco Oil & Gas leased office premises in Building No. 10, and is to be used in conjunction with three attached sketches.

The intent of the specified work is to upgrade and modify the existing second floor office space and warehouse office space in Building 10 to the standard set forth by the new lessor, Arco Oil & Gas Company, for their Lisburne Facilities Project management personnel. The finished product is to be complete and ready for occupancy on February 1, 1985.

All new materials will be similar to those now existing or of the best commercial quality available.

January 3, 1985

PSY100002314

INDEX AND WORK BREAKDOWN STRUCTURE

		<u>Page</u>
100	CLEANING	1
101	General Cleaning	1
102	Wall-to-Wall Carpet	1
103	Vinyl Asbestos Tile Floors	1
104	Suspended Ceiling	1
200	CARPENTER REPAIRS	2
201	General Repairs	2
202	Specific Repairs	2
203	Locks	4
204	Mini-Blinds	4
300	PAINTING	5
301	Walls and Ceiling	5
302	Doors	5
400	ELECTRICAL	6
401	Repair and Lamp-up Existing Fixtures	6
402	New Lighting	6
403	New Microwave, Refrigerator, Water Cooler, Etc.	6
404	Utility Labeling	7
500	MODIFICATIONS	8
501	New Conference Room	8
502	Women's Restroom Alterations	8
503	New Carpet	9
504	Heat and Air Conditioning	9
505	New Suspended Ceilings (Optional)	9

100 CLEANING

101 GENERAL CLEANING

- A. The entire 7,200 feet² of second floor office space is to be left vacuumed and ready for occupancy. Windows are to be washed inside and outside. Restroom facilities are to be thoroughly scrubbed and disinfected.
- B. The entire 34,800 feet² of warehouse office and storage area is to be left broom clean and ready for occupancy.

\$ 2,640

102 WALL-TO-WALL CARPET

The existing/remaining wall-to-wall carpet is to be professionally shampooed. Portable furniture and fixtures are to be moved to insure the entire carpet is cleaned and dried. There are approximately 5,500 feet² of carpet.

\$ 500

103 VINYL ASBESTOS TILE FLOORS

The existing vinyl tile and linoleum floors are to be stripped, scrubbed, waxed and polished. There are approximately 2,000 feet² of vinyl flooring.

\$ 450

104 SUSPENDED CEILING SECOND FLOOR OFFICES

The existing tee bar supported suspended ceiling grid panels are to be tagged, removed, washed in strong detergent, rinsed, dried and reinstalled as original. Wipe down the tee bars prior to installation of grids. There are approximately 3,500 feet² of this suspended ceiling to be cleaned. Provide safe ladder access for this work.

\$ 3,500

200 CARPENTER REPAIRS

201 GENERAL REPAIRS

Throughout the 7,200 feet² of second floor offices and the 1,600 feet² warehouse office, the walls are to be repaired as follows:

- A. Remove all nails, brads and picture hanging devices and fill the resultant holes with spackling compound.
- B. Prepare and fill all cracks in walls and/or install suitable double-type patches.
- C. Provide and install new wood mouldings where missing or damaged beyond repair.

202 SPECIFIC REPAIRS

Perform the following interior repairs/modifications identified by room number on the sketches.

Room No.

1	Remove the built-in credenza. Remove the window shutters. Repair the window sills. Remove the decorative wall panels. Remove and fill all resultant holes.	\$ 775
2	Remove the built-in work table and shelves. Patch and fill resultant holes.	\$ 380
3	Remove decorative burlap wall panels. Patch and fill resultant holes.	\$ 450
4	Repair ceiling tile. Patch and fill holes in walls.	\$ 250
5	Patch and fill holes in walls.	\$ 225
6	Repair ceiling tiles. Patch and fill holes in walls.	\$ 475

Room No.

7	Install new wood veneer paneling on all walls. The paneling should be a light wood tone at approximately \$12/4x8 sheet. Install new decorative moldings and mop boards.	\$ 1,165
8-14	Patch and fill holes in walls.	\$ 1,300
15	Furnish and install a hat shelf and eight coat hook rack.	\$ 380
16-17	Remove one door and casing and install new studs and sheetrock in way; tape and sand. Remove the half-height partition. Resurface the north wall, 200 feet ² . Patch and fill holes in walls. Box-in the ventilation duct in the overhead. Prior to carpet renewal, patch holes in floor.	\$ 2,590
18-22	Patch and fill holes in walls.	\$ 1,050
23	Complete remodeling, see items which follow.	
24	Remove shelving in its entirety. Patch and fill holes in walls.	\$ 450
25	Install two modesty panels at the ends of the wall mounted urinals. Repair the south door.	\$ 425
26	Refasten ceiling tiles. Patch and fill holes in walls.	\$ 220
27	Replace missing ceiling tile. Install new 1/4 round corner molding, 8'. Patch and fill in holes in walls.	\$ 340
28	Patch and fill holes in walls.	\$ 230
29	Remove built-in counters and shelves. Patch and fill holes in walls.	\$ 410

Room No.

30	Replace 12 feet of molding. Replace missing ceiling tile. Patch and fill holes in walls.	\$ 840
31-33	Complete remodeling, see items which follow.	
34-37	Patch and fill holes in walls.	\$ 630
North Warehouse Office	Furnish and install one 10', 2,500 watt baseboard heater. Patch/cover holes in walls. Replace broken window. Furnish and install new loft-hand rails to OSHA standards.	\$ 1,490
South Warehouse	Repair sink. Patch/cover holes in walls.	\$ 810

203 LOCKS

Renew the locksets in the four lower and upper access doors to the office space with deadbolt locks within the PSRY master key system. Supply Arco with 25 keys to the locks.

\$ 300

204 MINI-BLINDS

Furnish and install Levelor-type mini-blinds on all exterior second floor windows. Blinds will be all the same neutral dark brown color and fitted with valances mounted wall-flush. Forty-nine windows to be fitted, approximately 1,500 feet².

\$ 2,500

300 PAINTING

301 WALLS AND CEILING

Furnish and apply two (2) full coats of flat interior latex off-white paint to all walls and ceilings in the entire second floor office space, 7,200 feet² floor space, approximately 40,000 feet² total surface.

\$13,500

Furnish and apply one full coat of flat interior latex off-white paint to all interior/exterior walls, ceilings (when suspended ceiling does not exist) and doors in the entire North and South warehouse office space.

\$ 1,800

302 DOORS

Furnish and apply two (2) coats of semi-gloss interior latex medium brown paint to all interior second floor door surfaces, excluding door jams and trim.

\$ 2,300

400 ELECTRICAL

401 REPAIR AND LAMP-UP EXISTING FIXTURES

Check-out and repair all existing light fixtures in all office and storage space. Furnish and install new lamps throughout.

NO CHARGE

402 NEW LIGHTING

Furnish and install new light fixtures in the rooms identified by number on the sketches as follows:

Room No.

13	Install one (1) new flourescent ceiling fixture.	
14	Install one (1) new flourescent ceiling fixture.	
23	Complete remodeling; see items which follow.	
26	Install one (1) new flourescent ceiling fixture.	
28	Install two (2) new light switches.	
31-33	Complete remodeling; see items which follow.	
North/South Warehouse Offices	Install four (4) flourescent ceiling fixtures.	\$ 1,570

403 NEW MICROWAVE, REFRIGERATOR, WATERCOOLER, ETC.

Furnish and install new appliances as follows:

A.	In Room No. 26, a \$300 microwave wired to a new wall outlet.	\$ 365
B.	In Room No. 26, a \$750 refrigerator with ice maker. Install copper tube fresh water supply.	\$ 950

- C. In Hall No. 37, a \$100 refrigerated water cooler connected to the existing electric, water and drain connection. \$ 295
- D. In Space 20, replace the existing floor electrical outlets with four (4) flush mounted units. \$ 150

404 UTILITY LABELING

Check-out all utilities. Furnish and install new identifying labels. Remove all redundant labels. \$ 2,625

500 MODIFICATIONS

501 NEW CONFERENCE ROOM

In place of existing Rooms 31, 32 and 33, provide a large conference room as follows:

- A. Remove the existing interior walls between the three existing spaces to create one space. Approximately 400 feet² of removals.
- B. Sheetrock and finish approximately 60 linear feet of wall.
- C. Provide and install approximately 720 feet² of suspended ceiling.
- D. Relocate the existing overhead lighting fixtures and switches to provide a uniform appearance and common operation.
- E. Furnish and install two new solid core wood doors and casings.
- F. Furnish and install new carpet.

\$ 7,800

502 WOMEN'S RESTROOM ALTERATIONS

Completely remodel the women's restroom, Room 23, as follows:

- A. Remove existing shelves, cupboards and shelving.
- B. Furnish and install a new two sink vanity. Install mirror.
- C. Furnish and install two modesty partitions for the toilet spaces.
- D. Furnish and install three new fluorescent ceiling fixtures.
- E. Furnish and install suspended ceiling.

F. Relocate entrance door to provide privacy.

G. Furnish and install carpet.

H. Refinish all walls.

\$ 3,700

503 NEW CARPET

Furnish and install new carpeting, the same as that now installed in the main floor area, in spaces identified by number on the sketches, No. 3, 12, 16-17, and 26.

A total of approximately 150 yards².

\$ 3,300

504 HEAT AND AIR CONDITIONING

Identify the required replacements, purchase and install new units, if necessary. Check-out and adjust the system to insure proper operation.

NO CHARGE

505 NEW SUSPENDED CEILINGS (OPTIONAL)

If authorized by Arco, furnish and install a total of 1,200 feet² of tee bar suspended grid ceiling in Areas 8, 9, 10, 19, 20, and 21.

\$ 3,600

TOTAL NOT TO EXCEED:

\$ 68,000

PORTLAND SHIP REPAIR YARD
SPECIFICATIONS

MODULE SITE IMPROVEMENTS
ARCO/FLUOR/LISBURNE PROJECT

This specification describes the work to be performed by the Portland Ship Repair Yard to the ARCO Oil & Gas leased module construction site.

This specification covers the work requested by ARCO which is in addition to or modifies that required by the terms of the original lease.

January 3, 1985

PSY100002325

900 MODULE SITE

901 PERIMETER FENCE

Provide labor and material to increase the module site perimeter fence installation to include the South boundary. This additional chain link fabric fence is to be unslatted and 6'6" in height. The total added length is 1,800 feet.

902 PERSONNEL GATES

Provide labor and material to add one (1) personnel gate to the West perimeter fence increasing the total to three (3) personnel gates.

903 COMPRESSED AIR LINE

Provide labor and material to increase the diameter of the compressed air line to be installed to serve the module site from 3-inch IPS to 4-inch IPS. Giving a total compressed air flow capacity of 1,500 CFM.

904 SEWER RELOCATION

Provide labor and material to locate the new sewer manhole provided for the module site from the West boundary to approximately the midpoint of the North Channel Avenue boundary. This change is to allow the connection of washroom trailers to the new sewer connection as well as the office trailers.

905 FENCE RELOCATION

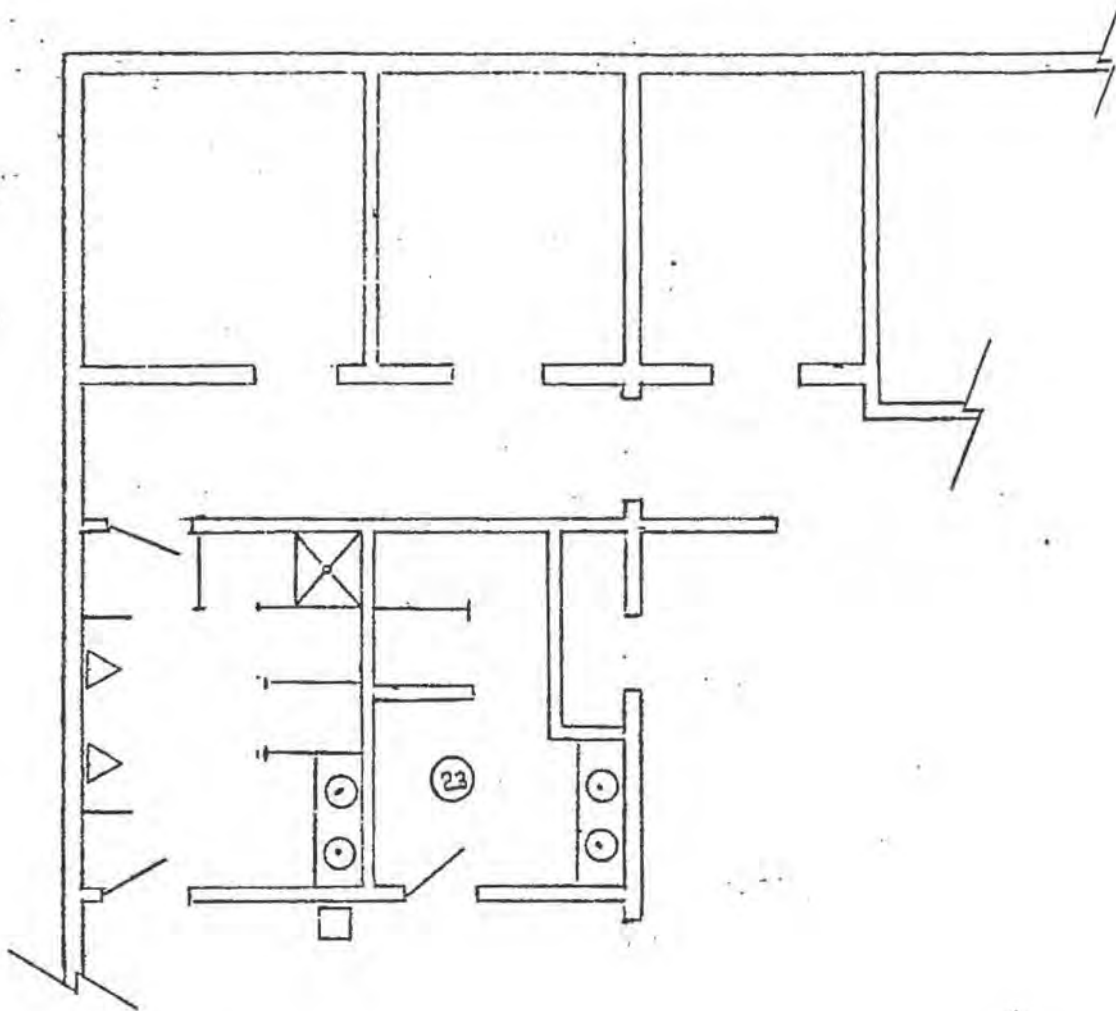
Provide labor and material to change the location where the North Channel Avenue boundary fence is to be installed to provide a 12-foot set back from the street curb.

approved
by [signature] 1/4/95
\$ 19,127
\$ 372
\$ 7221

N/C

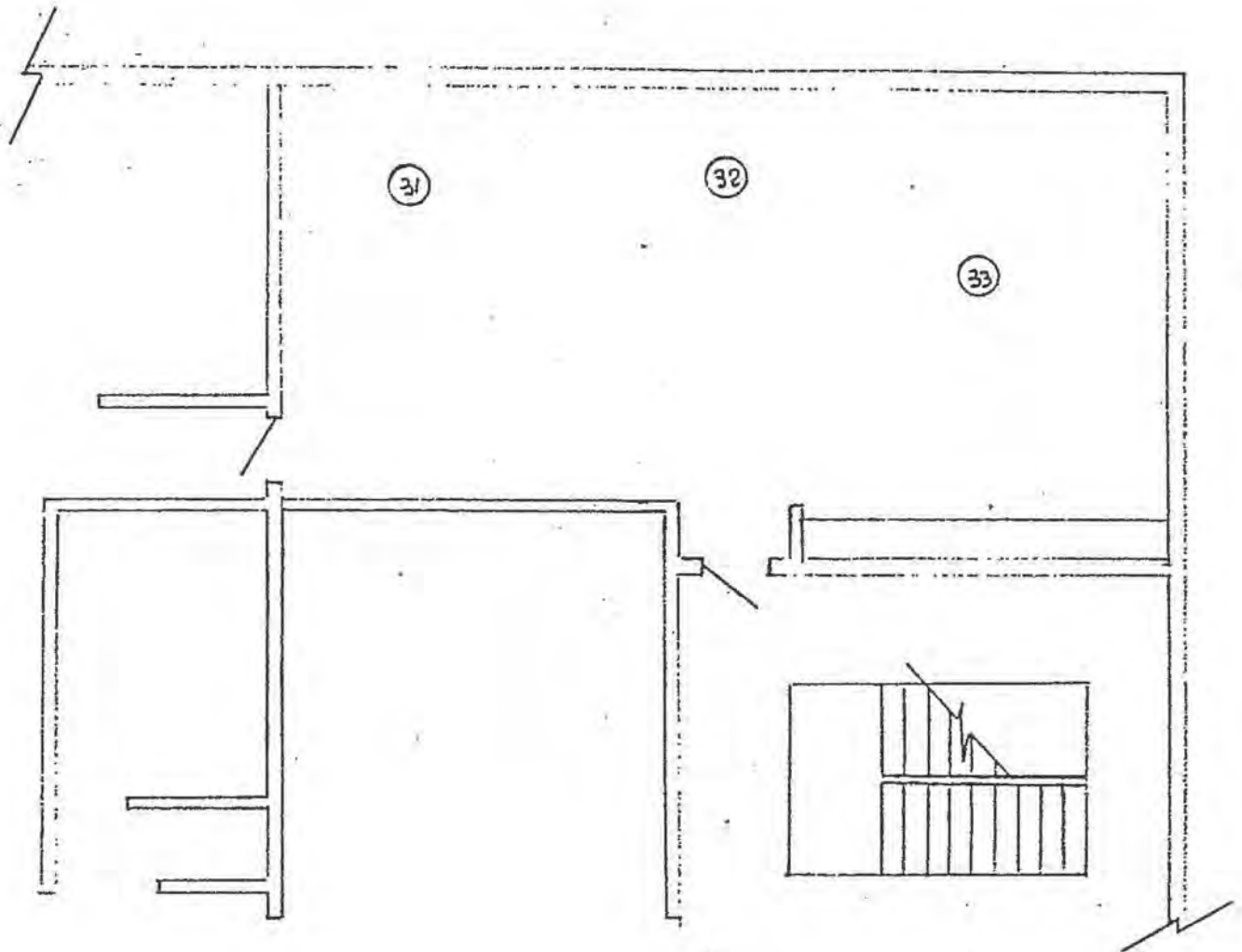
N/C

BUILDING 10 PROPOSED REMODEL
WOMEN'S RESTROOM



SWAN ISLAND, PORTLAND
LISBURNE FACILITIES PROJECT
PROJECT OFFICES

BUILDING 10 PROPOSED REMODEL
CONFERENCE ROOM



SWAN ISLAND, PORTLAND
LISBURNE FACILITIES PROJECT
PROJECT OFFICES

AMENDMENT

Amendment No. 1
Contract No. LFP-8579

This Amendment No. 1 is made and entered into this day of April 1, 1985, by and between ARCO Oil and Gas Company, a Pennsylvania Corporation (hereinafter called ARCO) and The Port of Portland, Inc., a municipal corporation of the State of Oregon, (hereinafter called the "Port").

WHEREAS, ARCO and the Port desire to amend the above-referenced agreement between the parties hereto (hereinafter called the "CONTRACT"). NOW, THEREFORE, the parties hereto hereby amend the CONTRACT as follows:

REFERENCE: Paragraph 2. Compensation, change the maximum compensation from:


"...Ninety four thousand, seven hundred and twenty dollars (94,720)..." to "Ninety eight thousand, seven hundred and twenty dollars (\$98,720)"

Except as modified or changed by this Amendment, all of the terms and provisions of the CONTRACT shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 as of the date first above written.

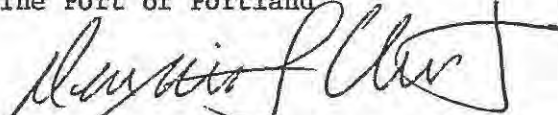
ARCO Oil and Gas Company

BY:

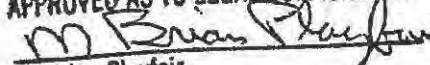

A. W. Johnson
Project Manager

Lisburne Facilities Project

The Port of Portland


L. E. ASPERSON
EXECUTIVE DIRECTOR

APPROVED AS TO LEGAL SUFFICIENCY:


M. Brian Playfair

AGREEMENT dated January 8, 1985 between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon (the "Port") and ARCO OIL AND GAS COMPANY, a division of ATLANTIC RICHFIELD COMPANY, a Pennsylvania corporation ("ARCO").

WHEREAS, the Port and ARCO are parties to a Lease Agreement dated as of October 22, 1984 covering certain land, warehouse space and office space located in the Portland Ship Repair Yard of the Port; and

WHEREAS, ARCO wishes to contract with the Port to make certain improvements to the leased office space and warehouse a space in Building No. 10 and to the leased land to be used as the module construction site, and the Port wishes to perform such work;

NOW THEREFORE, the parties agree as follows:

1. Scope of Work

The attached Scope of Work, marked Exhibit A and incorporated herein by reference, outlines the specific work to be performed by the Port and sets forth the timetable for its completion.

2. Compensation

ARCO agrees to pay Port a maximum of Ninety-Four Thousand, Seven Hundred and Twenty dollars (\$94,720.00) for performance of the services specified in the Scope of Work (Exhibit A), which payment shall be paid upon receipt of Port's invoice at the completion of the work. All approved invoices shall be paid within thirty (30) days of receipt.

3. Port's Project Manager

Port's Project Manager for the work specified herein is Mr. David Cheramy. Port shall give ARCO prompt written notice of any redesignation of its Project Manager.

4. ARCO's Project Manager

ARCO's Project Manager for the work specified herein is Mr. John Nyce, or his designee. In the event that ARCO's designated Project Manager is changed, ARCO shall give the Port written notification of such redesignation. In the event that Port receives any communication from ARCO of any nature whatsoever which is not executed by ARCO's designated Project Manager, the Port may request clarification from ARCO's Project Manager, which shall be promptly furnished.

5. Port is Independent Contractor

Port shall be and herein declares that it is an independent contractor for purposes of this Contract.

Contract No. LFP-8579
Agreement
Page 1 of 2

1/18/85:139N

PSY100002330

6. Early Termination

This Contract may be terminated prior to completion of the work by mutual written consent of the parties.

7. Work is Property of Port

All work, including but not limited to improvements constructed, documents, drawings, papers, computer programs, and photographs, performed or produced by Port under this Contract shall be the property of Port.

8. Law of Oregon

This Contract shall be governed by the laws of the State of Oregon.

9. Adherence to Law

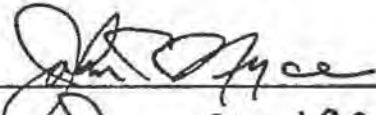
Both parties shall adhere to all applicable federal and state laws including but not limited to laws, rules and regulations concerning employer and employee relationships, workers' compensation, and minimum and prevailing wage requirements.

10. Modification


Any modification of the provisions of this Contract shall be reduced to writing and signed by the parties. A modification is a written document, executed by Port, which increases or decreases the cost to Port over the agreed contract sum, or changes or modifies the scope of service or time of performance. No modification shall be binding unless executed in writing by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

ARCO OIL AND GAS COMPANY

By 
Date Jan. 21, 1985

THE PORT OF PORTLAND AGREES TO THE
TERMS AND CONDITIONS OF THIS WORK
AUTHORIZATION.

By 
Date 2/1/85
EXECUTIVE DIRECTOR

APPROVED AS TO LEGAL SUFFICIENCY:


Counsel for
THE PORT OF PORTLAND

PORTLAND SHIP REPAIR YARD
SPECIFICATIONS

BUILDING NO. 10
ARCO/FLUOR/LISBURNE OFFICES

This specification describes the work to be performed by Portland Ship Repair Yard to the Arco Oil & Gas leased office premises in Building No. 10, and is to be used in conjunction with three attached sketches.

The intent of the specified work is to upgrade and modify the existing second floor office space and warehouse office space in Building 10 to the standard set forth by the new lessor, Arco Oil & Gas Company, for their Lisburne Facilities Project management personnel. The finished product is to be complete and ready for occupancy on February 1, 1985.

All new materials will be similar to those now existing or of the best commercial quality available.

January 3, 1985

PSY100002332

INDEX AND WORK BREAKDOWN STRUCTURE

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100 CLEANING

101 GENERAL CLEANING

- A. The entire 7,200 feet² of second floor office space is to be left vacuumed and ready for occupancy. Windows are to be washed inside and outside. Restroom facilities are to be thoroughly scrubbed and disinfected.
- B. The entire 34,800 feet² of warehouse office and storage area is to be left broom clean and ready for occupancy.

\$ 2,640

102 WALL-TO-WALL CARPET

The existing/remaining wall-to-wall carpet is to be professionally shampooed. Portable furniture and fixtures are to be moved to insure the entire carpet is cleaned and dried. There are approximately 5,500 feet² of carpet..

\$ 500

103 VINYL ASBESTOS TILE FLOORS

The existing vinyl tile and linoleum floors are to be stripped, scrubbed, waxed and polished. There are approximately 2,000 feet² of vinyl flooring.

\$ 450

104 SUSPENDED CEILING SECOND FLOOR OFFICES

The existing tee bar supported suspended ceiling grid panels are to be tagged, removed, washed in strong detergent, rinsed, dried and reinstalled as original. Wipe down the tee bars prior to installation of grids. There are approximately 3,500 feet² of this suspended ceiling to be cleaned. Provide safe ladder access for this work.

\$ 3,500

200 CARPENTER REPAIRS

201 GENERAL REPAIRS

Throughout the 7,200 feet² of second floor offices and the 1,600 feet² warehouse office, the walls are to be repaired as follows:

- A. Remove all nails, brads and picture hanging devices and fill the resultant holes with spackling compound.
- B. Prepare and fill all cracks in walls and/or install suitable double-type patches.
- C. Provide and install new wood mouldings where missing or damaged beyond repair.

202 SPECIFIC REPAIRS

Perform the following interior repairs/modifications identified by room number on the sketches.

Room No.

1	Remove the built-in credenza. Remove the window shutters. Repair the window sills. Remove the decorative wall panels. Remove and fill all resultant holes.	\$ 775
2	Remove the built-in work table and shelves. Patch and fill resultant holes.	\$ 380
3	Remove decorative burlap wall panels. Patch and fill resultant holes.	\$ 450
4	Repair ceiling tile. Patch and fill holes in walls.	\$ 250
5	Patch and fill holes in walls.	\$ 225
6	Repair ceiling tiles. Patch and fill holes in walls.	\$ 475

Room No.

7	Install new wood veneer paneling on all walls. The paneling should be a light wood tone at approximately \$12/4x8 sheet. Install new decorative moldings and mop boards.	\$ 1,165
8-14	Patch and fill holes in walls.	\$ 1,300
15	Furnish and install a hat shelf and eight coat hook rack.	\$ 380
16-17	Remove one door and casing and install new studs and sheetrock in way; tape and sand. Remove the half-height partition. Resurface the north wall, 200 feet ² . Patch and fill holes in walls. Box-in the ventilation duct in the overhead. Prior to carpet renewal, patch holes in floor.	\$ 2,590
18-22	Patch and fill holes in walls.	\$ 1,050
23	Complete remodeling, see items which follow.	
24	Remove shelving in its entirety. Patch and fill holes in walls.	\$ 450
25	Install two modesty panels at the ends of the wall mounted urinals. Repair the south door.	\$ 425
26	Refasten ceiling tiles. Patch and fill holes in walls.	\$ 220
27	Replace missing ceiling tile. Install new 1/4 round corner molding, 8'. Patch and fill in holes in walls.	\$ 340
28	Patch and fill holes in walls.	\$ 230
29	Remove built-in counters and shelves. Patch and fill holes in walls.	\$ 410

Room No.

30	Replace 12 feet of molding. Replace missing ceiling tile. Patch and fill holes in walls.	\$ 840
31-33	Complete remodeling, see items which follow.	
34-37	Patch and fill holes in walls.	\$ 630
North Warehouse Office	Furnish and install one 10', 2,500 watt baseboard heater. Patch/cover holes in walls. Replace broken window. Furnish and install new loft-hand rails to OSHA standards.	\$ 1,490
South Warehouse	Repair sink. Patch/cover holes in walls.	\$ 810

203 LOCKS

Renew the locksets in the four lower and upper access doors to the office space with deadbolt locks within the PSRY master key system. Supply Arco with 25 keys to the locks.

\$ 300

204 MINI-BLINDS

Furnish and install Levelor-type mini-blinds on all exterior second floor windows. Blinds will be all the same neutral dark brown color and fitted with valances mounted wall-flush. Forty-nine windows to be fitted, approximately 1,500 feet².

\$ 2,500

300 PAINTING

301 WALLS AND CEILING

Furnish and apply two (2) full coats of flat interior latex off-white paint to all walls and ceilings in the entire second floor office space, 7,200 feet² floor space, approximately 40,000 feet² total surface. \$13,500

Furnish and apply one full coat of flat interior latex off-white paint to all interior/exterior walls, ceilings (when suspended ceiling does not exist) and doors in the entire North and South warehouse office space. \$ 1,800

302 DOORS

Furnish and apply two (2) coats of semi-gloss interior latex medium brown paint to all interior second floor door surfaces, excluding door jams and trim. \$ 2,300

400 ELECTRICAL

401 REPAIR AND LAMP-UP EXISTING FIXTURES

Check-out and repair all existing light fixtures in all office and storage space. Furnish and install new lamps throughout.

NO CHARGE

402 NEW LIGHTING

Furnish and install new light fixtures in the rooms identified by number on the sketches as follows:

Room No.

13	Install one (1) new flourescent ceiling fixture.	
14	Install one (1) new flourescent ceiling fixture.	
23	Complete remodeling; see items which follow.	
26	Install one (1) new flourescent ceiling fixture.	
28	Install two (2) new light switches.	
31-33	Complete remodeling; see items which follow.	
North/South Warehouse Offices	Install four (4) flourescent ceiling fixtures.	\$ 1,570

403 NEW MICROWAVE, REFRIGERATOR, WATERCOOLER, ETC.

Furnish and install new appliances as follows:

A.	In Room No. 26, a \$300 microwave wired to a new wall outlet.	\$ 365
B.	In Room No. 26, a \$750 refrigerator with ice maker. Install copper tube fresh water supply.	\$ 950

- C. In Hall No. 37, a \$100 refrigerated water cooler connected to the existing electric, water and drain connection. \$ 295
- D. In Space 20, replace the existing floor electrical outlets with four (4) flush mounted units. \$ 150

404 UTILITY LABELING

Check-out all utilities. Furnish and install new identifying labels. Remove all redundant labels. \$ 2,625

500 MODIFICATIONS

501 NEW CONFERENCE ROOM

In place of existing Rooms 31, 32 and 33, provide a large conference room as follows:

- A. Remove the existing interior walls between the three existing spaces to create one space. Approximately 400 feet² of removals.
- B. Sheetrock and finish approximately 60 linear feet of wall.
- C. Provide and install approximately 720 feet² of suspended ceiling.
- D. Relocate the existing overhead lighting fixtures and switches to provide a uniform appearance and common operation.
- E. Furnish and install two new solid core wood doors and casings.
- F. Furnish and install new carpet.

\$ 7,800

502 WOMEN'S RESTROOM ALTERATIONS

Completely remodel the women's restroom, Room 23, as follows:

- A. Remove existing shelves, cupboards and shelving.
- B. Furnish and install a new two sink vanity. Install mirror.
- C. Furnish and install two modesty partitions for the toilet spaces.
- D. Furnish and install three new flourescent ceiling fixtures.
- E. Furnish and install suspended ceiling.

F. Relocate entrance door to provide privacy.

G. Furnish and install carpet.

H. Refinish all walls. \$ 3,700

503 NEW CARPET

Furnish and install new carpeting, the same as that now installed in the main floor area, in spaces identified by number on the sketches, No. 3, 12, 16-17, and 26.

A total of approximately 150 yards². \$ 3,300

504 HEAT AND AIR CONDITIONING

Identify the required replacements, purchase and install new units, if necessary. Check-out and adjust the system to insure proper operation.

NO CHARGE

505 NEW SUSPENDED CEILINGS (OPTIONAL)

If authorized by Arco, furnish and install a total of 1,200 feet² of tee bar suspended grid ceiling in Areas 8, 9, 10, 19, 20, and 21.

\$ 3,600

TOTAL NOT TO EXCEED: \$ 68,000

PORTLAND SHIP REPAIR YARD
SPECIFICATIONS

MODULE SITE IMPROVEMENTS
ARCO/FLUOR/LISBURNE PROJECT

This specification describes the work to be performed by the Portland Ship Repair Yard to the ARCO Oil & Gas leased module construction site.

This specification covers the work requested by ARCO which is in addition to or modifies that required by the terms of the original lease.

January 3, 1985

PSY100002343

900 MODULE SITE

901 PERIMETER FENCE

Provide labor and material to increase the module site perimeter fence installation to include the South boundary. This additional chain link fabric fence is to be unslatted and 6'6" in height. The total added length is 1,800 feet.

902 PERSONNEL GATES

Provide labor and material to add one (1) personnel gate to the West perimeter fence increasing the total to three (3) personnel gates.

903 COMPRESSED AIR LINE

Provide labor and material to increase the diameter of the compressed air line to be installed to serve the module site from 3-inch IPS to 4-inch IPS. Giving a total compressed air flow capacity of 1,500 CFM.

904 SEWER RELOCATION

Provide labor and material to locate the new sewer manhole provided for the module site from the West boundary to approximately the midpoint of the North Channel Avenue boundary. This change is to allow the connection of washroom trailers to the new sewer connection as well as the office trailers.

905 FENCE RELOCATION

Provide labor and material to change the location where the North Channel Avenue boundary fence is to be installed to provide a 12-foot set back from the street curb.

approved by SAH 1/4/85 → \$ 19,127

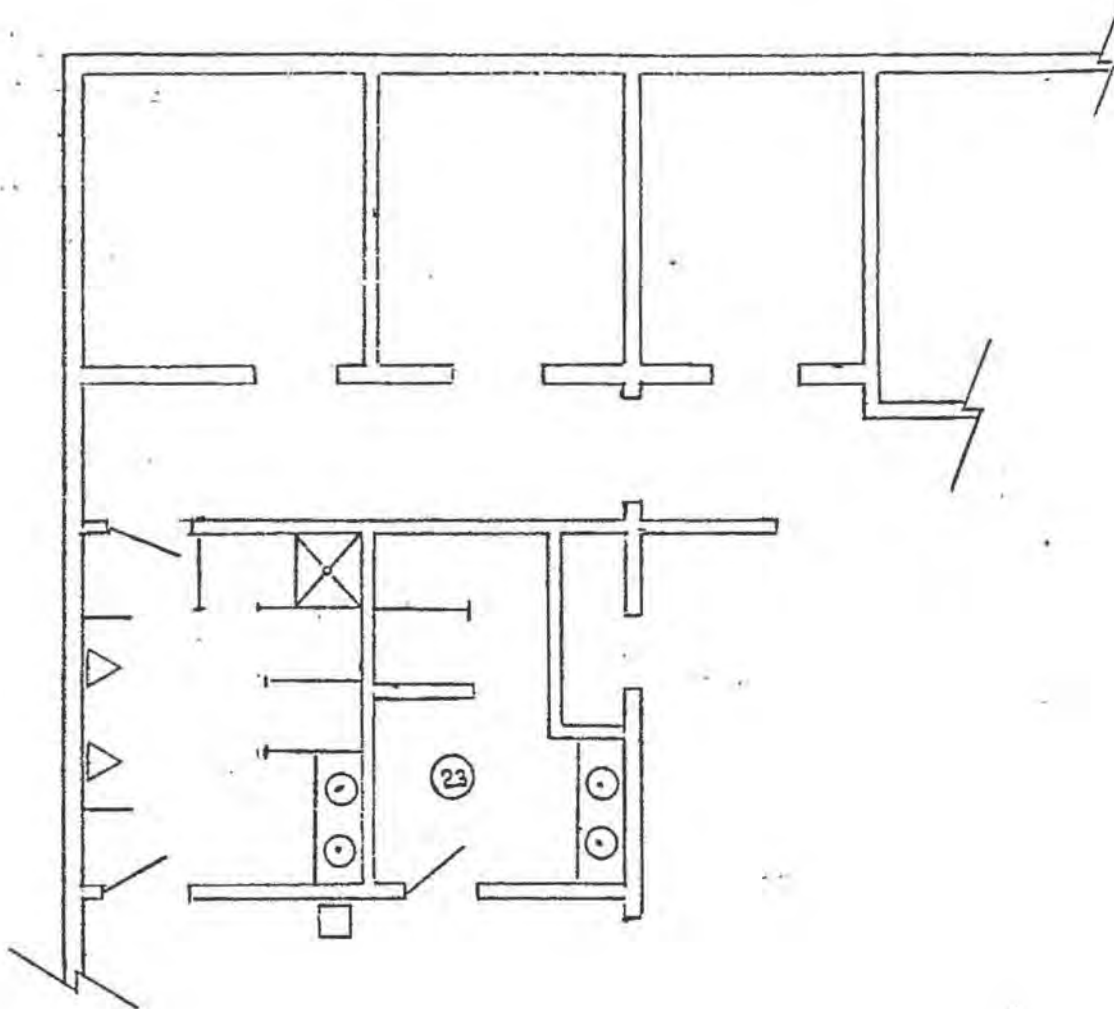
→ \$ 372

→ \$ 7221

N/C

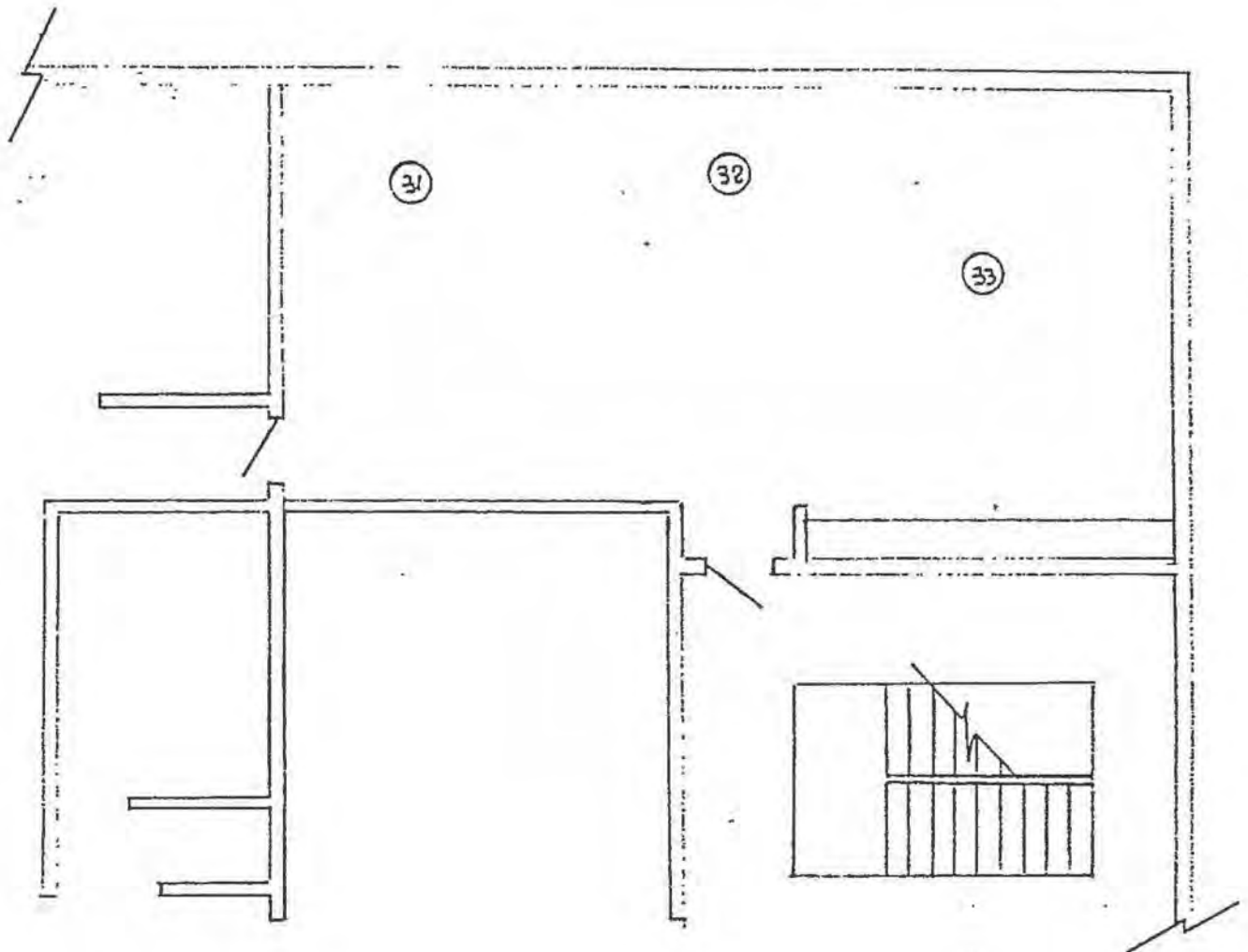
N/C

BUILDING 10 PROPOSED REMODEL
WOMEN'S RESTROOM



SWAN ISLAND, PORTLAND
LISBURNE FACILITIES PROJECT
PROJECT OFFICES

BUILDING 10 PROPOSED REMODEL
CONFERENCE ROOM



SWAN ISLAND, PORTLAND
LISBURNE FACILITIES PROJECT
PROJECT OFFICES

PSY100002346

AMENDMENT

Amendment No. 1
Contract No. LFP-8579

This Amendment No. 1 is made and entered into this day of April 1, 1985, by and between ARCO Oil and Gas Company, a Pennsylvania Corporation (hereinafter called ARCO) and The Port of Portland, Inc., a municipal corporation of the State of Oregon, (hereinafter called the "Port").

WHEREAS, ARCO and the Port desire to amend the above-referenced agreement between the parties hereto (hereinafter called the "CONTRACT"). NOW, THEREFORE, the parties hereto hereby amend the CONTRACT as follows:

REFERENCE: Paragraph 2. Compensation, change the maximum compensation from:

"...Ninety four thousand, seven hundred and twenty dollars (94,720)..." to "Ninety eight thousand, seven hundred and twenty dollars (\$98,720)"

Except as modified or changed by this Amendment, all of the terms and provisions of the CONTRACT shall remain in full force and effect.

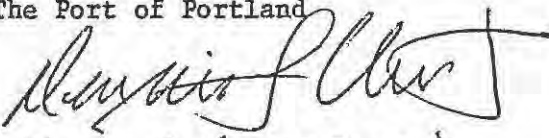
IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 as of the date first above written.

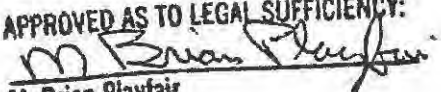
ARCO Oil and Gas Company

BY: 

A. W. Johnson
Project Manager
Lisburne Facilities Project

The Port of Portland


L. E. ANDERSON
EXECUTIVE DIRECTOR

APPROVED AS TO LEGAL SUFFICIENCY:

M. Brian Playfair

PORT CONTRACT 84-138

AMENDMENT NO. 2

THIS AMENDMENT NO. 2, dated as of July 10, 1985, to the Lease Agreement ("Original Lease") dated as of October 22, 1984, as amended, between the PORT OF PORTLAND, a municipal corporation of the State of Oregon ("Port") and ARCO OIL AND GAS COMPANY, a division of Atlantic Richfield Company, a Delaware corporation ("ARCO"). All capitalized terms not otherwise defined shall have the meaning assigned to them in the Lease.

W I T N E S S E T H:

WHEREAS, the Port and ARCO are parties to the Original Lease, referenced above, covering certain land, warehouse space, and office space located in the Portland Ship Repair Yard ("Yard") of the Port, as well as certain easements in and over the Module Movement Path ("Path") and the loading dock, including Dry Dock 4 ("Dock"), as more specifically set forth in the Lease; and

WHEREAS, ARCO has agreed to pay Eleven Thousand and No/100 Dollars (\$11,000.00) toward the construction of a gravel roadway from the Port's Yard to the ARCO site, which roadway is in different form and ^{IN} addition to the Module Movement Path described in the Original Lease, which Path continues to be the sole cost and responsibility of the Port; and

WHEREAS, ARCO has agreed to amend the Original Lease to allow for a payment of Forty Thousand and No/100 Dollars (\$40,000.00) toward the modification of the Dock in return for the granting by the Port of certain additional rights to the Dock as specified herein; and

WMF&AS ARCO, organization has ~~been~~ assigned ARCO Project manager to ARCO RESOURCES TECHNOLOGY a division of Atlantic Richfield Company, and authorized him to sign on behalf of ARCO and

WHEREAS, each of the Port and ARCO wish to amend the Lease to provide for additional space to be leased by ARCO as specified herein;

NOW, THEREFORE, the parties agree as follows:

1. The Port hereby acknowledges receipt of Eleven Thousand and No/100 Dollars (\$11,000.00) toward the construction of a gravel roadway from the Port's Yard to the ARCO sited *at the Port*. The Port hereby acknowledges its sole responsibility to pay for any additional cost of such gravel roadway and hereby reaffirms its sole responsibility to timely construct the Path as specified in the Original Lease.
2. The Port hereby acknowledges receipt of Forty Thousand and No/100 Dollars (\$40,000.00) from ARCO which will be used to purchase Steel Beams (material and welding into assemblies) whose total cost is Seventy-Eight Thousand, Two Hundred Fifty and No/100 Dollars (\$78,250.00). In return for such payment, the Port grants ARCO the right to use the Steel Beams during the term and any renewal period of the Original Lease.

3. The following modifications are made to Paragraph 2 of the Original Lease:

a. Modifications to be Effective April 15, 1985:

(1) Port leases to ARCO, on the terms and conditions stated in the Original Lease, certain improved space consisting of approximately sixty-five thousand three hundred sixty (65,360) square feet which is, on the date of this Lease, more fully described in Exhibit A *h 9820* ("Improved Space").

(2) The term of the Lease for the additional Improved Space shall commence on April 15, 1985, and shall continue on a month-to-month basis, ^{until} ~~unless~~ terminated by either party upon thirty (30) days written notice or by ARCO's default.

(3) ARCO shall pay to Port as additional rent for the additional Improved Space leased herein the sum of Three Thousand Nine Hundred One and 19/100 Dollars (\$3,901.19) per month in accordance with the terms set forth in the Original Lease.

b. Modifications to be Effective June 1, 1985:

(1) Port leases to ARCO, on the terms and conditions stated in the Original Lease, certain additional improved Outside Area Space consisting of approximately thirty-two thousand, six hundred and seventy (32,670) square feet which is, on the date of this Lease, more ~~fully~~ ^{fully} described in Exhibit B ("Improved Outside Area Space").

(2) The term of the Lease for the additional Improved Outside Area Space shall commence on June 1, 1985, and shall continue on a month-to-month basis, ~~unless~~ ^{until} terminated by either party upon thirty (30) days written notice or by ARCO's default.

(3) ARCO shall pay to Port, as additional rent for the additional Improved Outside Area Space, the sum of One Thousand, Six Hundred and 20/100 Dollars (\$1,600.20) per month in accordance with the terms set forth in the Original Lease.

c. Modifications to be Effective July 1, 1985:

(1) ARCO and Port agree that ARCO shall no longer utilize and shall vacate sixteen hundred (1,600) square feet of the Warehouse Space it presently occupies in

Building 10 at the Yard. As a result of ARCO moving out of Building 10, Port acknowledges that ARCO will incur an additional expense in the amount of One Hundred Twenty-Eight and No/100 Dollars (\$128.00) per month for double handling of material. Unless the Lease of the additional twenty-five thousand (25,000) square feet of Warehouse Space leased pursuant to this paragraph is terminated pursuant to Paragraph 3(C)(3), Port agrees to offset ARCO's expense of acquiring an additional twenty-three thousand four hundred (23,400) square feet of warehouse space in Building 4, Bay 6 by One Hundred Twenty-Eight and No/100 Dollars (\$128.00) per month as provided in Paragraph 3(C)(4) below.

- (2) Port leases to ARCO, on the terms and conditions stated in the Original Lease, an additional twenty-five thousand (25,000) square feet of Warehouse Space in Building 4, Bay 6 of the Yard which is, on the date of this Lease, more fully described in Exhibit C ("Warehouse Space").
- (3) The term of the Lease for the additional Warehouse Space shall commence on July 1, 1985, and shall continue on a month-to-month basis, unless terminated by either party upon thirty (30) days written notice or by ARCO's default.

(4) ARCO shall pay to Port, as additional rent for ARCO net increase of 23,400 square feet of Warehouse Space, the sum of Two Thousand Three Hundred Forty and No/100 Dollars (\$2,340.00) per month in accordance with the terms set forth in the Original Lease minus the One Hundred Twenty-Eight and No/100 Dollars (\$128.00) per month as set forth in Paragraph 3(C)(1) to compensate ARCO for double-handling charges incurred by ARCO, as a result of ARCO's move. The net increase in cost to ARCO for the additional twenty-three thousand four hundred (23,400) square feet of Warehouse Space shall be Two Thousand Twelve and No/100 Dollars (\$2,212) per month.

- d. Paragraph 4(A)(i) of the Original Lease is hereby deleted, and the following paragraph shall be inserted in its place:

"(i) Dry dock four modification and loading bridge by March 30, 1986 as described in Exhibit C-1;"

- e. The Port also acknowledges receipt of ARCO's payment of Ninety-Eight Thousand Seven Hundred Twenty and No/100 Dollars (\$98,720.00) for certain improvements to leased office space and Warehouse Space in Building 10 and to the

Premises as specified in the Agreement dated January 8, 1985, between the Port and ARCO. Said Agreement is attached hereto as Exhibit D.

↓ and Amendment
No. 1.
2/2/86

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 2 as of the day and year first written above.

~~ARCO OIL AND GAS COMPANY~~ ^{RESOURCES TECHNOLOGY} THE PORT OF PORTLAND

By _____

By _____
Executive Director

By _____

By _____
Assistant Secretary

Date _____

Date _____

APPROVED AS TO LEGAL SUFFICIENCY:

Counsel for
The Port of Portland

08/01/85
12G212:3199L

LEASE

THIS LEASE, dated effective the 1st day of January, 1985, executed by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon, hereinafter referred to as "Port," and BROWN & ROOT U.S.A., INC., a corporation organized under the laws of the State of Texas, hereinafter referred to as "Lessee,"

WHEREAS, Lessee intends to use and occupy the below-described premises for the purpose of heavy manufacturing, including but not limited to the manufacture of buildings (modules) of steel and other materials and the removal thereof to other sites; and

WHEREAS, it is a fundamental policy of the State of Oregon and of Port to develop, enhance, and promote the maritime development of Port and to encourage economic development within Port boundaries; and

WHEREAS, the essential consideration for the Port in executing this agreement is to create jobs for the citizens of the metropolitan region of Portland, Oregon, and to stimulate and promote economic development therein;

NOW, THEREFORE, in consideration of those mutual promises and the terms and conditions set forth hereafter, the parties agree as follows:

W I T N E S S E T H:

ARTICLE I - PREMISES

Section 1.01 - Description: Port leases to Lessee, on the terms and conditions stated below, the premises together with all improvements thereon and appurtenances thereto, situated in the Port's Portland Ship Repair Yard ("PSRY") and which are fully described in Exhibits A, B, and C attached hereto and incorporated by reference herein.

Section 1.02 - Use of Premises: Lessee may use the premises solely for the construction, fabrication, and/or storage of heavy civil equipment and for any and all other lawful purposes Lessee may deem necessary from time to time in connection therewith.

ARTICLE II - TERM

Section 2.01 - Basic Term: The term of this Lease shall commence on January 1, 1985, and shall continue thereafter in full force and effect until 12 midnight, Pacific Daylight Savings Time on the evening of June 30, 1985 ("Initial Lease Term"), whereupon this Lease shall automatically terminate unless Lessee elects to exercise its renewal option pursuant to Section 2.02 hereof.

Section 2.02 - Renewal Option: If the Lease is not then in default, Lessee shall have the option to renew this Lease on the same terms and conditions for consecutive renewal periods of one (1) month each ("Renewal Option Periods"), which renewal option shall be exercised by Lessee by providing notice thereof in writing to Port not less than fifteen (15) days before the last day of the applicable expiring term. At the end of the Initial Lease Term, and throughout any Renewal Option Periods, either party may terminate this Lease upon thirty (30) days written notice or upon Lessee's default.

ARTICLE III - RENTAL

Section 3.01 - Rent: For the initial LEASE term hereof, Lessee shall pay to Port the following applicable monthly rentals:

A. For the four (4) bays of Building 4 (shop/warehouse space as set forth in Exhibit A) at \$2,500.00 per bay per month, or \$10,000.00 per month.

B. For the five thousand five hundred (5,500) square feet of Building 10 (office space as set forth in Exhibit B) at \$0.40 per square foot per month, or \$2,200.00 per month.

Notwithstanding any other provision contained herein, on or after May 1, 1985, Lessee may elect to vacate all of the office space. In the event that Lessee, after May 1, 1985, no longer needs the office

space, Lessee shall be entitled to terminate its lease of office space and shall not be liable for further rental payments for the office space vacated.

C. During the initial term and during any renewal terms, Lessee shall have the right and option to lease from Lessor on a month-to-month basis that certain improved outside area consisting of approximately 200 feet by 300 feet of land situated to the west of Building 4 (the "Outside Area"), the exact location of said Outside Area being outlined on the map thereof attached hereto as Exhibit C and made a part hereof for all purposes. In connection with the foregoing, Lessor agrees that the Outside Area may be leased by Lessee for a total monthly rental fee in the amount of \$0.06 per square foot of Outside Area space requested by Lessee during any particular month over the term hereof. Lessee shall give Lessor fifteen (15) days written notice prior to the start of each calendar month specifying the exact amount of Outside Area required by Lessee.

The total monthly payment to Lessor for the rent for the shop/warehouse space and office space during the initial Lease Term is Twelve Thousand Two Hundred and No/100 Dollars (\$12,200.00), plus the rental due for the Outside Area rented pursuant to Paragraph 3.01(C), unless otherwise modified pursuant to the terms of this Lease.

Section 3.02 - Time and Place of Payments: Lessee shall pay Port monthly, on or before the tenth (10th) day of each calendar month, the appropriate monthly rental as is set forth above.

Payment shall be to the Port at its office in Portland, Oregon, or such other place as the Port may designate. All amounts not paid by Lessee when due shall bear interest at the rate set forth in the then-prevailing PSRY tariff.

ARTICLE IV - LESSEE'S OBLIGATIONS

Section 4.01 - Maintenance: Lessee shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed, or made thereon by Lessee, in good and substantial repair and condition, and shall make all necessary repairs and alterations thereto. Lessee shall provide proper containers for trash and garbage and shall keep the leased premises free and clear of rubbish, debris, and litter at all times. Port shall, at all times during ordinary business hours, have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.02 - Utilities and Other Facilities and Services: Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, compressed air, and all other charges for utilities which may be furnished to the leased premises at Lessee's order or consent, provided, however, that Lessor shall pay for all utilities provided to, excluding phone, and taxes assessed on the office space.

Port shall provide certain facilities and services to Lessee at no charge, said facilities and services fully described in Exhibit D, attached hereto, and incorporated by reference herein. Other in-shipyard services requested by Lessee at the PSRY such as additional land, labor, materials, etc., shall be billed to and paid by Lessee at the prevailing PSRY tariff rate.

Section 4.03 - Liens: Lessee agrees to pay, when due, all sums of money that may become due for, or surporting to be for, any labor, services, materials, supplies, utilities, furnishings, machinery or equipment which have been furnished or ordered with Lessee's consent to be furnished to or from the Lessee in, upon, or about the premises herein leased, which may be secured by any mechanics, materialsmen, or other lien against the premises herein leased or Port's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, provided that the Lessee may, in good faith, contest any mechanics or other liens filed or established, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest.

Section 4.04 - Taxes: Lessee agrees to pay all lawful taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the state, county, city, or any other tax-levying body upon any taxable interest of Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to

the premises or facilities hereby leased, or the improvements thereon by reason of its occupancy thereof as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said premises. Upon making such payments, Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or then a lien on any of said taxable interest of Lessee shall be paid in full without proration by Lessee forthwith or as soon as a statement thereof has been issued by the tax collector.

Section 4.05 - Port's Warranty: Port warrants and represents that it is the owner of the leased premises and has the right to lease them free of all encumbrances. Port will defend Lessee's right to quiet enjoyment of the leased premises from the lawful claims of all persons during the lease term.

The Port further warrants and represents to Lessee that (i) subject to PSRY normal security regulations, Lessee and Lessee's agents, servants, employees, contractors, and invitees shall, at all times during the intital term and any renewal terms of this Lease, have full, complete, and reasonable access to and from the leased premises and any adjacent public transitways and berthing services of the Port for supply, fabrication, and loadout purposes and for any and all other purposes consistent with the permitted uses of the premises as set forth in Section 1.02 hereof, and (ii) the site logistics information and specifications pertaining to services to be supplied

by the Port (attached hereto as Exhibit "D" and made a part hereof for all purposes) is an accurate and complete description and/or analysis of the current physical characteristics of the premises and that any modifications, alterations and/or services referenced therein shall be performed and completed by the Port to the full satisfaction of Lessee on or before the respective dates established thereof in said Exhibit "D".

The Port acknowledges that Lessee is relying upon each of the aforementioned representations contained herein and that, but for such representations made by the Port, Lessee would not have entered into this Lease Agreement.

ARTICLE V - INDEMNITY AND INSURANCE

Section 5.01 - Indemnity: Lessee agrees to indemnify, save harmless, and defend the Port, its commissioners, officers, and employees from and against all claims and actions and all expenses incidental to the investigation and defense thereof, based upon or arising out of damages or injuries to third persons or their property, caused by the fault or negligence of the Lessee, its subtenants or employees in the use or occupancy of the premises hereby leased; provided that the Port shall give to the Lessee prompt and reasonable notice of any such claims or actions, and the Lessee shall have the right to investigate, compromise and defend same, provided such claim is not the result of negligent act of the Port.

Section 5.02 - Insurance:

12/1/85
Not required
per existing
Rimkes →

A. Lessee shall keep the premises herein leased together with any and all improvements placed thereon, that would revert to the Port per Article VII, continuously insured with an insurance underwriter(s) satisfactory to the Port and authorized to do business in Oregon against loss or damage by fire and lightning, with the standard extended coverage endorsement in an amount equal to ninety percent (90) of the current replacement value of the property.

B. Lessee shall maintain comprehensive, general, and automobile liability insurance for the protection of Lessee, directors, officers, servants, and employees insuring Lease against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the premises leased and occasioned by reason of the operations of the Lessee with insurance of One Million and No/100 Dollars (\$1,000,000.00) combined single limit. Such insurance shall, to the extent of Lessee's indemnity obligations defined in Section 5.01 hereof, name the Port, its commissioners, officers, and employees as additional named insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any intentional act, neglect or breach of contract by the Lessee during the term of the Lease or any renewal term thereof.

C. Lessee shall furnish to the Port a certificate as attached evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance will

provide for not less than thirty (30) days written notice to the Port and the Lessee before such policies may be revised, nonrenewed or cancelled.

Section 5.03 - Waiver of Subrogation: The Port and Lessee agree that each forfeits any right of action that it may later acquire against the other of the parties to the Lease for loss or damage to its property, or to property in which it may have an interest, where such loss is caused by fire, or any of the extended coverage hazards, and arises out of or is connected with the leasing of the premises. Each of the parties hereto further agree to secure endorsements on any insurance obtained or maintained by other such party and relating to the leasing of the premises, waiving all such rights of subrogation against the other party, its affiliated companies and their officers, agents, and employees.

Section 5.04 - Damage or Destruction of Premises:

A. If the leased premises or any improvements thereon, that would revert to the Port per Article VII, are damaged or destroyed by fire or other casualty, Lessee; (1) shall promptly repair, rebuild, or restore the property damaged or destroyed to substantially the same condition preceding the fire or other casualty, and in accordance with the applicable building codes as existed at the time of loss causing such damage or destruction; and (2) shall apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims from such losses, as well as any additional money of Lessee necessary therefor.

B. If such damage or destruction shall occur during the Original Term of this Lease or during any renewal term thereof, and further if the damage or destruction which occurs during said period is such that the cost of repair, rebuilding or restoration of the leased property damaged or destroyed exceeds fifty percent (50%) of the fair market value of the Port-built improvements upon the leased premises immediately prior to such damage or destruction, Lessee shall have the option and shall within sixty (60) days from the damage or destruction, notify Port in writing whether or not Lessee elects to repair, rebuild, restore in accordance with Paragraph A above or to terminate this Lease. Upon giving such notice to terminate, this Lease shall terminate on the date specified in the notice and Port shall be entitled to the net proceeds of insurance.

C. If the leased premises or any improvements thereon that revert to the Port under Article VII are damaged or destroyed by fire or other casualty, then the building rent shall be abated in the same proportion as the damage makes the building uninhabitable for so long as it is unusable.

ARTICLE VI - DEFAULT

The following shall be events of default:

A. Default in Rent: Failure of Lessee to pay any rent or other charge within ten (10) days after it is due.

B. Default in Other Covenants: Failure of Lessee to comply with any term or condition or fulfill any obligation of the Lease (other than the payment of rent or other charges) within thirty (30) days after written notice by Port specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the thirty (30) day period, this provision shall be complied with if Lessee begins correction of the default within the thirty (30) day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

C. Insolvency: Insolvency of Lessee, an assignment by Lessee for the benefit of creditors, the filing by Lessee of a voluntary petition in bankruptcy, and adjudication that Lessee is bankrupt or the appointment of a receiver of the properties of Lessee, the filing of an involuntary petition of bankruptcy and failure of the Lessee to secure a dismissal of the petition within thirty (30) days after filing, attachment of or the levying of execution on the leasehold interest and failure of the Lessee to secure discharge of the attachment or release of the levy of execution within ten (10) days.

D. Abandonment: Failure of the Lessee for fifteen (15) days or more to occupy the property for one or more of the purposes permitted under this Lease unless such failure is excused under other provisions of this Lease.

Section 6.02 - Remedies on Default: In the event of a default under Sections 6.01 A, B, C, or D hereof, the Port at its option may terminate the Lease by notice in writing by certified mail to Lessee. If the property is abandoned by Lessee in connection with a default, termination shall be automatic and without notice.

A. Damages: In the event of termination on default, Port shall be entitled to recover immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the Lease term, the following amounts as damages:

1. The loss of rent due under this Lease during its effective term from the date of default until a new tenant has been, or with the exercise of reasonable efforts could have been, secured.
2. The reasonable costs of re-entry and reletting including without limitation the cost of any cleanup, refurbishing, removal of Lessee's property and fixtures, or any other reasonable expense occasioned by Lessee's failure to quit the premises upon termination and to lease them in the required condition, including any reasonable remodeling costs, attorney fees, court costs, broker commissions and advertising cost.

B. Re-entry After Termination: If the Lease is terminated for reason of Lessee's default hereunder, Lessee's liability for damages shall survive such termination, and the rights and obligations of the parties shall be as follows:

1. Lessee shall vacate the property immediately, remove any property of Lessee including any fixtures which Lessee is required to remove at the end of the lease term, perform any cleanup, alterations or other work required to leave the property in the condition required at the end of the term, and deliver all keys to the Port.
2. Port may re-enter, take possession of the premises and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages.

C. Reletting: Following re-entry or abandonment, Port may relet the premises and in that connection may:

1. Make any suitable alterations or refurbish the premises, or both, or change the character or use of the premises, but Port shall not be required to relet for any use or purpose (other than that specified in

the Lease) which Port may reasonably consider injurious to the premises, or to any tenant which Port may reasonably consider objectionable.

2. Relet all or part of the premises, alone or in conjunction with other properties, for a term longer or shorter than the term of this Lease, upon any reasonable terms and conditions, including the granting of some rent-free occupancy or other rent concession.

ARTICLE VII - TERMINATION

Upon termination of the Lease for any reason, Lessee shall deliver all keys to the Port and surrender the leased premises in good condition, ordinary wear and tear excepted. In accordance with Section 8.12, alterations constructed by the Lessee with permission from the Port shall be removed or restored to the original condition unless the terms of permission for the alteration require other action. Depreciation and wear from ordinary use for the purpose for which the premises were let need not be restored, but all repair for which the Lessee is responsible shall be completed to the latest practical date prior to such surrender. The Lessee's obligations under this paragraph shall be subordinate to the provisions of Article V, Section 5.04, related to destruction.

ARTICLE VIII - GENERAL PROVISIONS

Section 8.01 - Assignment of Interest or Rights: Neither Lessee nor any assignee or other successor of Lessee shall in any manner, directly or indirectly, by operation of law or otherwise, sublease, assign, transfer, or encumber any of Lessee's rights in and to this Lease or any interest therein, nor license or permit the use of the rights herein granted in whole or in part without the prior written consent of the Port, which consent shall not be unreasonably withheld; provided, however, that notwithstanding the foregoing, no such consent shall be necessary in the event of an assignment by Lessee of its rights and obligations hereunder to any affiliated company of Lessee, whereupon Lessee shall be automatically relieved of any and all liability and/or obligations arising subsequent to the date of such assignment.

Section 8.02 - Condemnation: If the leased premises or any interest therein is taken as a result of the exercise of the right of eminent domain, this Lease shall terminate as to such portion as may be taken. If the portion taken does not feasibly permit the continuation of the operation of the facility by the Lessee, the Lessee shall have the right to cancel. Such cancellation shall be effective as of the date of taking. Port shall be entitled to that portion of the award as represented by the land and the improvements.

Section 8.03 - Nonwaiver: Waiver by either party of strict performance of any provision of this Lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

Section 8.04 - Attorney Fees: If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, or in the event of appeal as allowed by the appellate court.

Section 8.05 - Compliance With Law: Lessee shall, at its sole cost and expense, comply with all of the requirements of all municipal, state, and federal authorities now in force, or which may hereafter be in force, pertaining to the premises, including, without limitation, air pollution, water pollution, and noise abatement regulations and zoning and building code laws, and shall faithfully observe in the use of the premises all municipal ordinances and state and federal statutes now in force or which may hereafter be in force. Lessor will assist and cooperate with Lessee in such compliance.

Section 8.06 - Force Majeure: The duties and obligations of each of the parties hereunder shall be suspended during such time as performance by either party is prevented or made impracticable by occurrences beyond the control of the party affected, and to the extent such occurrences are not due to the fault or negligence of the

party affected. Such occurrences shall include, but shall not be limited to strikes, labor disturbances, riots, fire, governmental action, nonreceipt of equipment or materials, war, acts of God, or other causes of a similar nature.

The foregoing shall not be considered a waiver of either party's obligation under this Lease and further, both parties shall cooperate and use reasonable diligence in seeking to overcome such obstacles, and performance shall have been resumed within a reasonable time after the obstacle is removed.

Section 8.07 - Time of Essence: It is mutually agreed that time is of the essence in the performance of all covenants and conditions to be kept and performed under the terms of this Lease.

Section 8.08 - Headings: The article and section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provisions of this Lease.

Section 8.09 - Consent of Port: Whenever consent, approval or direction by the port is required under the terms contained herein, all such consent, approval or direction shall be received in writing from the Executive Director of the Port of Portland.

Section 8.10 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until

hereafter changed by the parties by notice in writing, notices shall be sent to the Port at the Port of Portland, P.O. Box 3529, Portland, Oregon 97208, and to the Lessee, Brown & Root U.S.A., Inc., 4100 Clinton Drive, Houston, Texas 77020, Attn: Stephen H. Grote.

Date of service of such notice is date such notice is deposited in a post office of the United States Post Office Department, postage prepaid.

Section 8.11 - Modification: Except as otherwise provided herein, modification of the Lease as to term, area or any reason shall result in renegotiation of the rental.

Section 8.12 - Lessee's Fixtures and Improvements:

A. All permanent improvements placed upon the leased premises during the term shall remain the property of the Lessee. Provided, however, that improvements made by special permit shall be subject to the conditions of such permit.

B. The Lessee shall remove any and all fixtures, alterations, improvements, and modifications made or constructed by Lessee, and shall repair any physical damage resulting from the removal. If the Lessee fails to remove such fixtures, the Port may do so and charge the cost to the Lessee with interest at the rate in the then prevailing PSRY tariff from the date of expenditure. The Lessee shall remove all furnishings, furniture and trade fixtures which remain the property of the Lessee. If the Lessee fails to do so, this shall be

an abandonment of the property, and the Port may retain the property and all rights of the Lessee with respect to it shall cease or, by notice in writing given to Lessee within twenty (20) days after removal was required, the Port may elect to hold the Lessee to his obligation of removal. If the Port elects to require the Lessee to remove, the Port may effect a removal and place the property in public storage for the Lessee's account. The Lessee shall be liable to the Port for the cost of removal, transportation to storage, and storage, with interest at the rate in the then prevailing PSRY tariff for all such expenses from the date of expenditure by the Port.

C. The time for removal of any property or fixtures which the Lessee is required to remove from the leased premises upon termination shall be as follows:

1. On or before the date the Lease terminates because of expiration of the original or a renewal term or because of default.
2. Within thirty (30) days after Lease expiration.

Section 8.13 - Pledge of Leasehold Interest: Lessee may, from time to time, pledge its leasehold interest as partial security for loans from financial institutions subject to approval of Port, and the

Lessee shall provide notice forthwith of such intended pledging. The term of any such pledge and loan shall not run beyond the current lease term.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.

BROWN & ROOT U.S.A., INC.

THE PORT OF PORTLAND

By Martin Estes *ME*

By John H. Strivinga
President

By _____

By Paul A. Underwood
Assistant Secretary

APPROVED AS TO LEGAL SUFFICIENCY:

M B Playfair
Counsel for
The Port of Portland

APPROVED BY COMMISSION:

12-12-84

12/24/84
12M313:0966L

EXHIBIT "D"

I. Description of Facilities: Lessor shall provide to Lessee, at no additional charge:

A. One-time removal and reinstallation of section or sections of west end of Fabrication Bays 3 and 5 of Building 4, as required to allow the module bases to be delivered to their intended assembly sites and to allow the modules to exit the building upon completion.

B. Lessor guarantees that the load bearing of the right-of-way from the fabrication site to the docking facility and the dock to barge ramping provided that Lessor meets the minimum requirements set forth herein. Specifically, the Lessor will furnish testing and support data evaluated by an independent firm, confirming all areas mentioned are capable of supporting 3,000 pounds per square foot (dead load). Protection of underground utilities, if required, will be provided by others.

C. Lessor guarantees clean and uninterrupted right-of-way from the fabrication site to the docking facility as per ARCO's loadout schedule.

D. All correspondence regarding arrangements for ARCO's loadout of modules between the Port and ARCO will be copied to the Brown & Root Project Manager.

II. Description of Services: Lessor shall provide to Lessee, at no additional charge:

A. Items to be completed prior to Lessee's occupation of leased premises:

1. Lessor shall clean and repair all lighting facilities currently existing in, on, or about, the leased premises.
2. Lessor shall remove any and all machinery not belonging to Lessee in Fabrication Bay 4 and shall fill and compact all pre-existing pits in Fabrication Bays 3, 4, 5, and 6 (together with any other existing excavations), so as to create a solid floor upon which to work.
3. Lessor shall install asphalt ramps at the ends of the concrete pads located in each of the aforementioned fabrication bays to be occupied by Lessee hereunder, all in accordance with specifications provided by Lessee and mutually agreed to by and between Lessor and Lessee.
4. On one occasion only, Lessor shall remove as necessary the western walls of Fabrication Bays 3 and 5 for installation and removal of module bases and modules.

5. Lessor shall remove the fencing currently situated between Fabrication Bays 4 and 5 and install similar fencing between the boundary of Fabrication Bays 6 and 7. The presently existing 10-foot fence between Bays 6 and 7 will remain in place.

B. Items to be completed subsequent to Lessee's occupation of leased premises, but prior to May 15, 1985:

1. Lessor will provide, maintain, and comply with dry dock blocking and cribbing as agreed separately between Port and ARCO, so as to facilitate the transport and loading out of modules from Brown & Root's fabrication site to designated docking facility and barge(s).
2. Lessor will be completely responsible to and coordinate with ARCO for the full operation of the dry dock during the loadout of all modules on a continuous shift basis.
3. Lessor agrees to provide sufficient facilities for loading modules and further agrees that ramping will be a minimum of thirty (30) feet in width to facilitate proper access to the barge while the dry dock facilities are being utilized.

4. Lessor will allow the modules to be staged immediately prior to loadout at the dock head without undue repositioning and/or additional lifting operations.
5. Lessor will provide normal Portland Ship Repair Yard (PSRY) perimeter security along the transportation routes, staging area, and at the docking facility during the transporting, loadout, and sea fastening operations of the modules.
6. Lessor will continuously provide existing lighting, as required by ARCO or their designate, along the module transportation routes, staging area, and docking facility.
7. Lessor will provide all existing facility drawings upon request as are necessary for Lessee or ARCO to develop subsequent site plan and side view drawings for the fabrication and/or loadout procedures.
8. No sooner than ninety (90) days prior to loadout, Lessor will California-Bearing-Ratio load test and provide test data evaluated by an independent firm to ARCO, confirming that the haul routes, staging area, and docking facilities are capable of withstanding a

minimum capacity of 3,000-pounds-per-square-foot (dead load) and that the ramping is capable of handling 1.5 kps per linear foot (dead load).

9. Lessor will provide access to Lessee and/or ARCO to PSRY Berths 312 or 313 or 314 for completion of loadout operations.
10. Lessor will provide a Whirley crane with a 100-ton capacity and furnish an operator for ARCO's loadout of pipe rack modules.

III. Description of Services: Lessor shall provide to Lessee, at additional charge to Lessee:

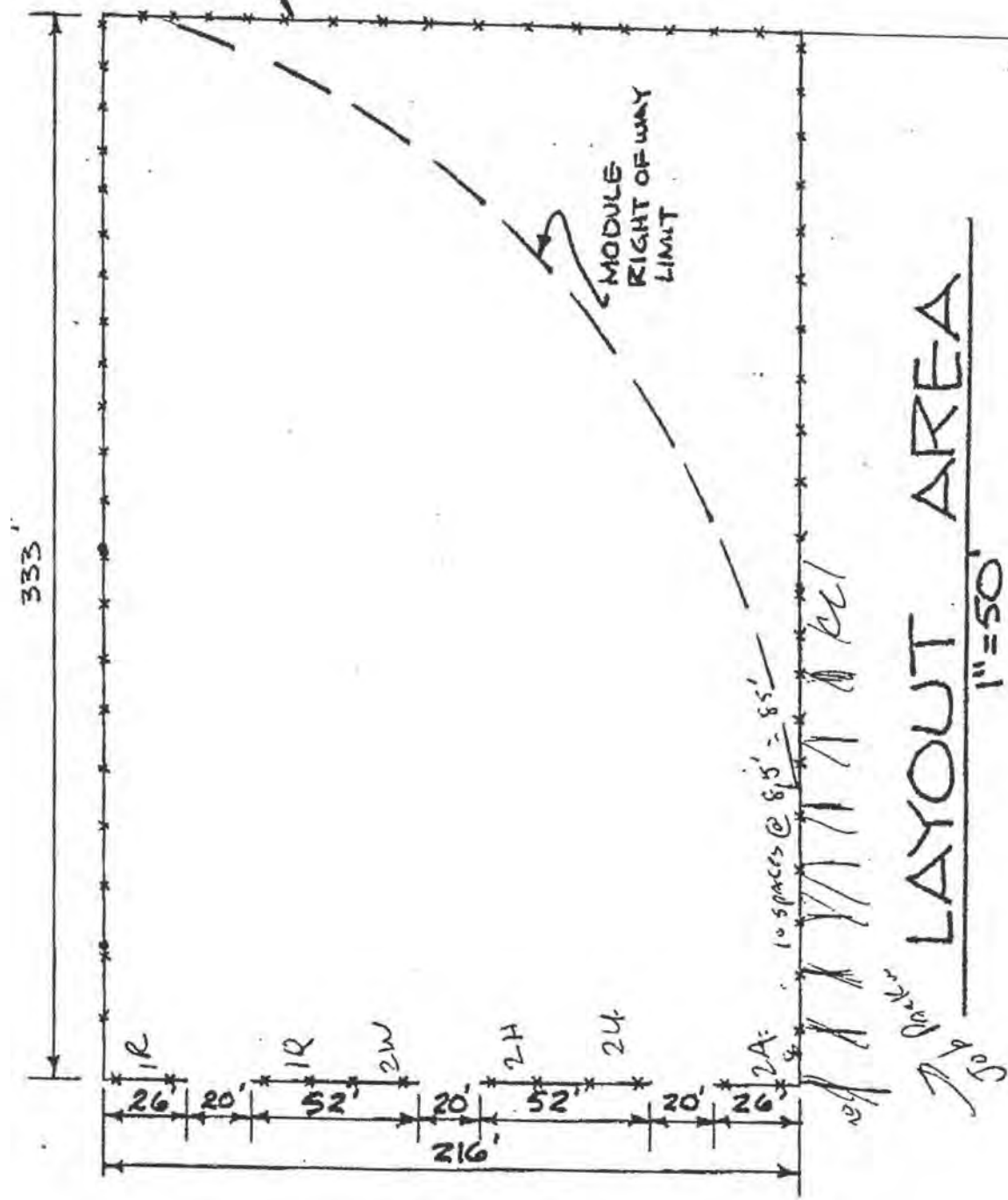
A. Lessor shall install a security fence (with access gates) at the west end of Fabrication Bays 3, 4, 5, and 6, all according to the requirements of Lessee and at Lessee's sole cost and expense.

B. Lessor shall provide Lessee with compressed air, gas, and oxygen as Lessee may, from time to time, require over the term hereof, to be billed directly to Lessee at Lessor's published tariff rates therefor.

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PLANT



00 BAY #1 00 BAY #2 00 BAY #3 00 BAY #4

MONTH-TO-MONTH
LEASE OF IMPROVED SPACES

THIS LEASE, dated February 9, 1989, by and between THE PORT OF PORTLAND, a port district of the State of Oregon, hereinafter referred to as "Port," and CASCADE GENERAL, a corporation organized under the laws of the State of Oregon, hereinafter referred to as "Lessee."

ARTICLE I - PREMISES

Section 1.1. - Description: Port leases to Lessee, and Lessee leases from the Port on the terms and conditions stated below, the Premises consisting of approximately 25,600 square feet which is on the date of this Lease improved and commonly known as Building 4, Bay 4 as shown in Exhibit A, attached hereto, (hereinafter referred to as "Premises").

Section 1.2 - Use of Premises: Lessee may use the Premises only for the following purpose: Business related to ship repair.

ARTICLE II - TERM

Section 2.1 - Term: The term of this lease shall be on a month-to-month basis commencing on November 1, 1988, and shall be automatically renewed, unless terminated by either party upon thirty (30) days written notice or by Lessee's default as provided herein.

ARTICLE III - RENTAL

Section 3.1 - Basic Rent: Lessee shall pay to Port as rent the sum of Three Thousand Seventy-Two Dollars (\$3,072) per month. Rent shall be due on the first (1st) day of each calendar month in advance, and delinquent if not paid by the tenth (10th) day of each month.

Section 3.2 - Place of Payments: Payment shall be to Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, or such other place as Port may designate. All amounts not paid by Lessee when due shall bear interest at the rate of eighteen percent (18%) per annum. The interest rate of eighteen percent (18%) on overdue accounts is subject to periodic adjustment to reflect the Port's then current interest rate charged on overdue accounts.

ARTICLE IV - LESSEE'S OTHER OBLIGATIONS

Section 4.1 - Maintenance: Lessee shall keep and maintain the Premises and Improvements of any kind, which may be erected, installed, or made thereon by Lessee or the Port, in good and substantial repair and condition, including the exterior condition thereof, and shall make all necessary repairs and alternations thereto. Lessee shall provide proper containers for trash and garbage and shall keep the Premises free and clear of rubbish, debris, and litter at all times.

Section 4.2 - Alterations: The Lessee will make no installations, alterations, modification, or additions to said Premises without first obtaining the written consent of the Port.

Section 4.3 - Use of Equipment: Lessee shall make no use of equipment on Port property which is capable of exploding or causing explosions without the prior written consent of the Port.

Section 4.4 - Prohibited Uses: The Lessee will not use or permit in said Premises anything that will increase the rate of fire insurance thereon or prevent the Port taking advantage of any ruling of the Insurance Service Office of Oregon or its successors, which would allow the Port to obtain reduced rates for long-term insurance policies; or maintain anything that may be dangerous to life or limb; or in any manner deface or injure said building or any portion thereof; or overload the floors; or permit any objectionable noise or odor to escape or to be emitted from said Premises; or permit anything to be done upon said Premises in any way tending to create a nuisance or to disturb any other tenants of the building, or to injure the reputation of the building; or to use or permit the use of said Premises for lodging or sleeping purposes or for any immoral or illegal purposes; and that the Lessee will comply at Lessee's own cost and expense with all orders, notices, regulation, or requirements of any municipality, state, or other governmental authority respecting the use of said Premises.

Section 4.5 - Utilities: Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, and all other charges for utilities which may be furnished to the leased Premises. The utilities which may be provided by the Port and the applicable rates are shown on Exhibit ___, attached hereto.

Section 4.6 - Electrical: The Lessee shall not, without Port's written consent, operate or install any electrical equipment or operate or install any machinery or mechanical device on said Premises.

Section 4.7 - Permits: Lessee shall file with the Port copies of all permits and other applicable documents relating to environmental quality and/or hazardous waste storage, use, transfer or disposal.

Section 4.8 - Liens: The Lessee shall not suffer or permit any mechanic's or materialman's lien to be filed against the fee of the Premises nor against the Lessee's leasehold interest in said Premises by reason of work, labor, services or materials thereof through or under the Lessee, and nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of the Port, express or implied, by inference or otherwise to any contractor, subcontractor, laborer, or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration, or repair of or to the demised Premises or any part thereof, nor as giving the Lessee any right, power, or authority to contract for or permit the rendering of any services or the furnishing

of any materials that would give rise to the filing of any mechanic's lien against the fee of the demised Premises. If any such mechanic's, materialman's or other lien shall at any time be filed against demised Premises, the Lessee shall cause the same to be discharged of record within twenty (20) days after the date of filing the same.

Section 4.9 - Taxes: Lessee agrees to pay all lawful taxes and assessments which during the term or any extension hereof may become a lien or which may be levied by the State, County, City, or any other tax levying body upon the Premises or upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the Premises of facilities hereby leased or the improvements thereon by reason of its occupancy thereof as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said Premises. Upon making such payments, Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or lien on any of said property or taxable interest therein shall be paid in full without proration by Lessee forthwith or as soon as a statement thereof has been issued by tax collector.

ARTICLE V - PORT OBLIGATIONS AND WARRANTIES

Section 5.1 - Delivery: Should Port be unable to deliver possession of the Premises on the date fixed for the commencement of the term, Lessee shall owe no rent until notice from Port tendering possession to Lessee. If possession is not so tendered within sixty

(60) days following commencement of the term, then Lessee may elect to cancel this Lease by notice to Port within ten (10) days following expiration of the sixty (60) day period. Port shall have no Liability to Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

In the event Port shall permit Lessee to occupy the Premises prior to the commencement date herein set forth, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

Section 5.2 - Port's Warranty of Ownership: Port warrants that it is the owner of the Premises and has the right to lease said Premises under the terms of this Lease. Subject to the Lessee performing all obligations of this Lease, the Lessee's possession of the Premises will not be disturbed by the Port or anyone claiming by, through or under the Port and the Port will defend Lessee's right to quiet enjoyment of the Premises from disturbance by anyone claiming by, through or under the Port.

Section 5.3 - Condition of Premises: The Port makes no warranties or representations regarding the condition of the Premises. The Lessee has inspected and accepts the Premises in an "as is" condition upon taking possession, and the Port shall have no liability to the Lessee for any damage or injury caused by the condition of Premises.

ARTICLE VI - INDEMNITY AND INSURANCE

Section 6.1 - Indemnity: Lessee agrees fully to indemnify, save harmless, and defend the Port, its commissioners, directors, officers, and employees from and against all claims and actions and all expenses incidental to the investigation and defense thereof, including but not limited to those claims or actions, based upon or arising out of damages or injuries to persons or property, caused by the fault or negligence in whole or in part of the Lessee, its contractors, subcontractors or employees arising out of or in any way connected with Lessee's use or occupancy of the Premises or Improvements; provided that the Port shall give to the Lessee prompt and reasonable notice of any such claims or actions, and the Lessee shall have the right to investigate, compromise, and defend same, and further provided that such claim is not the result of a negligent act or action of the Port.

6.1.1 In addition to the indemnity provided in Section 6.1 above, the Lessee agrees to indemnify, save and hold harmless the Port from and against all damages, costs, liabilities, and expenses caused by, arising out of, or in connection with, the handling, storage, discharge, transportation, or disposal of hazardous or toxic wastes or substances, pollutants, oils, materials or contaminants, as those terms are defined by federal, state, or local environmental law or regulation, including but not limited to, the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 7401 et. seq.); and 1985 Oregon Laws Ch. 733, as the same may be amended from time to time. Such

damages, costs, liabilities and expenses shall include such as are claimed to be owned by any regulating and administering agency.

Section 6.2 - Insurance:

6.2.1 Lessee shall maintain a commercial general and automobile liability insurance policy or policies for the protection of Lessee and the Port, its commissioners, directors, officers, and employees, insuring Lessee and the Port against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises or occasioned by reason of the operations of Lessee on or from the Premises with insurance of not less than \$1,000,000 combined single limit. Lessee shall maintain a commercial general liability policy, including fire legal liability and automobile liability.

6.2.2 All insurance shall name the Port, its commissioners, directors, officers, and employees as additional named insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by Lessee.

6.2.3 Lessee shall maintain in force Worker's Compensation insurance, including coverage for Employer's Liability and, if applicable, the Longshoremen's and Harbor Workers' Compensation Act.

6.2.4 Lessee shall furnish to the Port a certificate(s) of insurance evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance shall remain in full force during the term hereof and shall provide for not less than thirty days' written notice to the Port and Lessee before such policies may be revised, nonrenewed, or cancelled. Upon request, the Lessee shall provide the Port with a copy or copies of any insurance policy provided pursuant to this Lease.

6.2.5 The Port shall have the right to review the limits of insurance required herein as determined to be necessary by the Port. In the event the Port determines that such limits should be increased or lowered, the Port will provide 30-days notice to the Lessee of such determination and the Lessee shall, if the limits are increased, modify its coverage to comply with with new limits and provide the Port with an updated certificate.

ARTICLE VII - TERMINATION

Section 7.1 - Termination by the Port: The Port shall be entitled to terminate this Lease as provided herein and as otherwise provided by law.

Section 7.2 - Duties on Termination: Upon termination of the Lease for any reason, Lessee shall deliver all keys to the Port and surrender the Premises and improvements in good condition. Alterations constructed by the Lessee shall be removed at the sole discretion of the Port, and, if removal is required, the Premises

shall be restored to its original condition. Depreciation and wear from ordinary use for the purpose for which the Premises were let need not be restored, but all repair for which the Port has determined the Lessee responsible shall be completed prior to such surrender.

Section 7.3 - Title to Improvements: Upon termination of this Lease by the passage of time or for any reason, the Port shall have the option to either require removal of all structures, installations, or improvements installed by Lessee within ninety (90) days after the expiration of the Lease at Lessee's expense or shall have the option to take title to such structures, installations, and improvements. All additions, improvements and fixtures, except the moveable office furniture, equipment and trade fixtures of the Lessee, made or added either by the Lessee or Port shall be and remain the property of the Port; provided, however, the Port may require that the Lessee remove upon termination of this Lease any additions made or fixtures added by the Lessee's expense.

ARTICLE VIII - DEFAULT

Section 8.1 - Events of Default:

The following shall be events of default:

8.1.1 Default in Rent: Failure of Lessee to pay any rent or other charge as provided herein within ten days after it is due. Lessee's liability to the Port for default shall survive termination of this Lease.

8.1.2 Default in Other Covenants: Except as provided in Section 8.1.5, failure of Lessee to comply with any term or condition or fulfill any obligation of the Lease (other than the payment of rent or other charges) within thirty (30) days after written notice by Port specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the thirty-day period, this provision shall be complied with if Lessee begins correction of the default within the thirty-day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

8.1.3 Insolvency: To the extent permitted by the United States Bankruptcy Code, insolvency of Lessee; an assignment by Lessee for the benefit of creditors; the filing by Lessee of a voluntary petition in bankruptcy; an adjudication that Lessee is bankrupt or the appointment of a receiver of the properties of Lessee and the receiver is not discharged within thirty (30) days; the filing of an involuntary petition of bankruptcy and failure of the Lessee to secure a dismissal of the petition within thirty (30) days after filing; attachment of or the levying of execution on the leasehold interest and failure of the Lessee to secure discharge of the attachment or release of the levy of execution within ten (10) days.

8.1.4 Abandonment: Failure of the Lessee for thirty (30) days or more to occupy the property for one or more of the purposes permitted under this Lease unless such failure is excused under other provisions of this lease.

8.1.5 Correction of Emergency: Contractor fails to immediately commence correction of an emergency upon notice from the Port. In the event the emergency is not brought under control to the reasonable satisfaction of the Port, the Port may remedy or cure the emergency and charge the Contractor the costs of such remedy or cure. As used herein "emergency" shall mean any activity, cause, or effect under the control or direction of the Contractor, its employees, agents, invitees, guests, or subcontractors involving the health, safety, or general welfare of persons or property.

Section 8.2 - Remedies on Default:

8.2.1 In the event of a default under the provisions of Sections 8.1.1, 8.1.2, 8.1.3, and 8.1.4, the Port at its option may terminate the Lease and at any time may exercise any other remedies available under law or equity for such default. Any notice to terminate may be given before or within the grace period for default and may be included in a notice of failure of compliance.

8.2.2 Suit(s) or action(s) for the recovery of the rents and other amounts and damages, or for the recovery of possession may be brought by landlord, from time to time, at landlord's election, and nothing in this Lease will be deemed to require landlord to await the date on which the Lease Term expires. Each right and remedy in this Lease will be cumulative and will be in addition to every other right or remedy in this Lease or existing at law or in equity or by statute or otherwise, including, without limitation, suits for injunctive relief and specific performance. the exercise or beginning of the

exercise by landlord of any such rights or remedies will not preclude the simultaneous or later exercise by landlord of any other such rights or remedies. All such rights and remedies are nonexclusive.

ARTICLE IX - GENERAL PROVISIONS AND ASSIGNMENT

Section 9.1 - Assignment: No part of the Premises nor any interest in this Lease may be assigned, mortgaged, or subleased, nor may a right of use of any portion of the Premises be conveyed or conferred on any third person by any other means, without the prior written consent of Port. Any assignment or attempted assignment without Port's prior written consent shall be void. This provision shall apply to all transfers by operation of law. If Lessee is a corporation, this provision shall apply to any sale of a controlling interest in the stock of the corporation.

9.1.1 Consent in one instance shall not prevent this provision from applying to a subsequent instance.

Section 9.2 - Headings: The article and section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provisions of this Lease.

Section 9.3 - Attorney's Fees: If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, or in the event of appeal or review as allowed by the appellate court.

Section 9.4 - No Partnership: This Lease is not intended to create a partnership or joint venture between the Port and Lessee, or to create a principal/agent relationship between them.

Section 9.5 - No Light or Air Easement: The reduction or elimination of Lessee's light, air, or view will not affect Lessee's liability under this Lease, nor will it create any liability of the Port to Lessee.

Section 9.6 - Adherence to Law: Lessee shall adhere to all applicable federal, state and local laws, rules, regulations, and ordinances, including laws governing its relationship with its employees, including but not limited to laws, rules, regulations and policies concerning environmental, health, safety, and Worker's Compensation.

Section 9.7 - Law of Oregon: This Lease shall be governed by the laws of the State of Oregon. To the extent applicable, the contract provisions required by ORS Chapter 279 to be included in public contracts are hereby incorporated by reference and shall become a part of this Lease as if fully set forth herein.

Section 9.8 - No Benefit to Third Parties: The Port and Lessee are the only parties to this Lease and as such are the only parties entitled to enforce its terms. Nothing in this Lease gives or shall be construed to give or provide any benefit, direct, indirect, or